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November, 1935

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# THE WORLD IN BOOKS . . .

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By John Chamberlain

THE big book news of September was the publication, at long last, of a trade edition of T. E. Lawrence's *Seven Pillars of Wisdom* (Doubleday, Doran, \$5). Far from dispelling the Lawrence mystery, far from penetrating the legend, Lawrence's own complete story of the Arabian exploit only serves to thicken the fog that will probably forever surround this amazing, romantic figure.

After watching Lawrence reveal just so much and no more in *Seven Pillars of Wisdom*, one can only reach the conclusion that he enjoyed mystification. He speaks of a "personal motive" for undertaking to organize the revolt of the Arabs against Turkey during the World War, but he gives no inkling as to what the motive might have been. He complains frequently that he was easily sickened of his own personality. "There was a special attraction in beginnings," he writes, "which drove me into everlasting endeavor to free my personality from accretions and project it on a fresh medium that my curiosity to see its naked shadow might be fed." Reduced to simple language, this means that Lawrence liked to act new rôles. He himself, as he admits, could hardly tell "where the leg-pulling began or ended."

A "split personality," he alternated between desires to excel himself and desires to obliterate himself. And he was constantly falling between the two stools. Did he really wish to keep the prose of *Seven Pillars* from the world? Then why did he even go so far as to have printed the eight copies of Text Number III (Text I was largely lost at Reading Station, and Text II was burned by the author)? There is nothing in *Seven Pillars* that could not have been published several years ago, when Lawrence permitted the abridgement known as *Revolt in the Desert* to reach the public. There are, of course, passages of tortured self-analysis that Lawrence might have wished to keep silent about, and there are some frank paragraphs about homosexuality among the Arabs and the Turks, but nothing, really, that could have hurt either Lawrence or any one else if it had been published when Lawrence was alive.

\* \* \*

There is a pattern that repeats itself in everything Lawrence did. He deprecates his own military ability. He passionately avows his wish to "serve" a great leader. He became Feisal's "adviser" during the campaign that ended when the Arabs triumphantly entered Damascus. Yet, in the same book, Lawrence speaks arrogantly of his own exploits, his own

tactical strokes. Instead of serving, he became the leader himself. And he knows that he was the leader.

He admits he wanted fame. But he had a fear of letting the world know that he wanted fame. Hence, when the Arab adventure was a success, Lawrence quietly stole away from Damascus. He liked, as he says, to start to close his hands around something that was in his grasp, and then casually draw the hands away. I do now know what a psychoanalyst would make of this, but there is something for the psychoanalyst to unravel here.

The same pattern repeats itself in his career as a writer. He must have known that he had something pretty good in *Seven Pillars*. Yet there was all the mumbo jumbo about losing it, and about suppressing it when it was done over again. The man who had the intelligence to persuade the Arabs could not have been so childishly ignorant of modern publicity as to be unaware that a studied withdrawal from the spotlight would only serve to focus a stronger glare upon himself. When he disappeared as "Lawrence of Arabia," it was only to become the famous incognito, T. E. Shaw. Probably the desire to be forgotten and the fear he would be forgotten were both sincere; at any rate, they mask something more important, something imponderable that Lawrence was really careful to hide.

\* \* \*

The other day I was talking with a young American poet. "I am writing a modern epic about Lawrence," he said. "I see him as the last great individualist. Yet, being a modern, he had the urge to lose himself in the mass. He tried sincerely to do it. Yet he couldn't eradicate his bone-deep individualism." Lawrence's life was such as to nourish such conjecture. But, if we could only have the simple key, a far more personal explanation would probably clear the matter up. I doubt that Lawrence cared very much about the "mass," even when he disappeared into the Tank Corps and the Air Corps.

He seems, however, to have had a real desire to bring freedom to the Arabs. Although he must have known that England cared nothing for the Arab cause itself, although he must have realized that Arab "freedom" was only a counter to be used in shunting Germany away from the road to India, Lawrence evidently cherished great hopes at first for a new Arab State. Even before he had reached Damascus, however, he realized the bitter truth—that Feisal would be betrayed when the French and the British were busy dividing the spoils of

war. The peace conference merely made plain the obvious. Lawrence was disgusted, but not too openly disgusted. For he was, after all is said, an Englishman at bottom, and even the most rabid anti-Kiplingites among Englishmen have a sneaking feeling that a Briton in Ethiopia is not quite as immoral as an Italian in the same place.

\* \* \*

The American poet who is writing an epic about Lawrence made one particularly interesting remark. "Think," he said, "of what Lawrence voluntarily relinquished. He could have led a great national movement after the war in England." Possibly Lawrence, who was at home with primitive Arab nationalism, was afraid of nationalism in an industrial setting. One wonders what he would have had to say about two books, Albert Jay Nock's *Our Enemy, the State* (Morrow, \$2.25) and Stuart Chase's *Government in Business* (Macmillan, \$2).

By rigorously eschewing the use of emotive words, such as socialism and communism, Mr. Chase manages in quite unscary fashion to show just how far collectivism has gone in the various countries over the world. Mr. Chase's statistics are extremely impressive. He finds that Sweden, if one is to include the local cooperative societies, is already 50 per cent collectivized, and without a break with democratic traditions. Soviet Russia, of course, is an old story. But it will be news to some American readers that countries like the Argentine are also experimenting today with their own New Deals. The New Deal business apparently began, if not with Fabian England, with the labor governments of Australia and New Zealand.

Henry Hazlitt has taxed Mr. Chase with superficiality. But the real quarrel between the two men is not one of superficiality versus profundity. It is one of inevitability versus avoidability. Mr. Hazlitt says in effect: "If only countries didn't embark on suicidal tariff wars and currency depreciation wars, then government would not have to step in and run or regulate certain moribund industries." Mr. Chase answers: "But there is a compulsion in the capitalist dynamic that forces countries to embark on suicidal tariff wars and currency depreciation wars; therefore government is forced to step in and run or regulate certain moribund industries." Abstractly, ideally, Mr. Hazlitt may be right. But recent world history tends to corroborate Mr. Chase's preference for the "inevitability" theory.

One disquieting thing about Mr. Chase's analysis of "government in business" is that most of the "socialization" to date has been socialization of losses. Such devices as the RFC are devices to spread the burden of red

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*Why don't you write?*

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ink over the entire community, through taxation. When the government saves homes in a depression, it does not increase production; it merely spreads the cost of foreclosure over a wider area, again through taxation.

When the Italian Government confiscates 50 per cent of the annual income of its producing citizens in order to support those who cannot get along in the competition of the market place, the losses of the indigent are being "socialized" through the taxing power. It is only when the citizens own and produce for themselves, either by private capitalism or by what might be called the "group capitalism" of Soviet Russia (where the workers own the factories jointly, and the peasants have collective title to the farms), that wealth can increase. And when Mr. Chase admits this, he admits that collectivism which is merely a socialization of losses is not much good, not even to a collectivist.

\* \* \*

The clue to the debility which is promoted by a certain type of socialism, the "socialization of losses," is to be found in Mr. Nock's book. There are two kinds of power, says Mr. Nock. One is "social power," which consists, in part, of the power of individuals to create wealth by the application of labor and capital to land and natural resources. The other kind of power is "State power," which consists of the power of those who control the State to confiscate wealth created by the social power of others.

As a Jeffersonian and a Single Taxer, Mr. Nock hates the State. The State, to him, is a racket. Its origin is predatory. Its votaries are gangsters. Appealing to history, he notes that the State has always been a device whereby one class or group exploits another. In early England, for example, the Norman State was created when William the Conqueror seized the land, divided it among his henchmen, and set up laws to preserve his conquest and to insure the payment of tribute by the defeated Saxons. Mr. Nock's implication is that when a group of the modern unemployed join together, go to a politician and then advance upon the Treasury of the United States for a hand-out, they are emulating William the Conqueror. For they are using "political means" to seize wealth that has been created by the "economic means" of the citizens who pay the taxes.

What to do about it? Well, one remembers the song, "No more money in the bank; what to do about it? Let's put out the light and go to sleep." On Mr. Nock's own analysis, the citizens who use the "economic means" to create their own wealth have used "political means" to get their original productive capital. At least their grandfathers, who stole the land from the Indians, were beneficiaries of the

"political means." So why should not the unemployed use the "political means" in their own turn?

This is not quite fair to Mr. Nock, who, as a Single Taxer, has a program which would (possibly) enable the indigent to get at the land, which is the source of all wealth, as the French physiocrats and Henry George long ago proved. The enigma of the Single Tax is, "Who would allocate the economic rent accruing to 'society' through the operation of the Single Tax on land that is assessed at more than its 'use value.'?" The difficulties encountered in a practical application of the Single Tax might be as perplexing as the difficulties of a suddenly democratized Soviet country in deciding whether the railroad trust or the plowshare trust is to get the major share of the good steel. Everything that Mr. Nock says by way of theory is very probably true. But I think he makes a mistake when he implies that communism is the "nationalization of the political means" and hence a monstrous perversion of the order of nature.

Without urging any brief for communism here (I am still bothered by the fate of civil liberties under communism), I would like to ask Mr. Nock: "When the peasants on a collective farm raise a crop of pumpkins, and exchange them for city goods, are they exercising the economic means, or are they exercising the political means?" When the Communist party arbitrarily requisitions grain, it is of course exercising the political means. But when there is a quid pro quo, even though the State acts as umpire in the transaction, it is with the exercise of the economic means that we have to deal. There is a difference between the "socialization of losses" and the socialization of production. That is why Mr. Nock is right in his criticism of the New Deal and wrong in his criticism of Soviet Russia.

\* \* \*

As part of his by-play, Mr. Nock accuses the Roosevelt government of effecting a "*coup d'état* by purchase" which has put men who are skillful in exercising the "economic means" at the mercy of the "political means" of Jim Farley. James P. Warburg, in *Hell Bent for Election* (Doubleday, Doran, 50 cents), tends to agree with Mr. Nock. Mr. Warburg is not certain the coup d'état has already been affected, but he sees danger that it will be by 1936. With \$4,800,000,000 to spend, the Roosevelt administration can hardly fail of re-election.

It is unfortunate that Mr. Warburg adopts the shibboleths of the American Liberty League, "freedom" and "the Constitution." These words are being used indiscriminately and emotionally to obscure underlying issues. The Constitution is safe until it is amended, and it has always been. If there is going to be a significant fight, it would have to be over

certain proposed amendments, not over the word "constitution."

\* \* \*

With the Ethiopian situation threatening to destroy all Europe, three books that touch upon the last war have more than ordinary interest. There is first, *War Memoirs of Robert Lansing* (Bobbs-Merrill, \$3.50). If the United States wishes truly to keep out of the next European imbroglio, a close study of the Lansing book is recommended.

When Lansing was appointed Secretary of State to succeed William Jennings Bryan, Wilson's policy was one of neutrality. But Lansing took over his Cabinet portfolio with the fixed intention of bringing the United States into the war on the side of the Allies should there be any threat of a stalemate or of German victory. Because of this fixed intention, Lansing took a much firmer tone in dealing with infractions by the Germans of "freedom of the seas" than he did with the British infractions of the same "freedom." Skillful at legalistic phrasing, Lansing did not betray his hand. Yet the propriety of his accepting the job at a time when Wilson was proclaiming our neutrality, and the propriety of continuing in it when Wilson was re-elected on the "he kept us out of war" platform, may well concern us. If Cabinet officers are not to be amenable to democratic controls, there is danger that even one "willful man" might plunge us into the maelstrom without our permission. Lansing had a bad verbal vice. When it was a matter of putting over his own pro-Ally point of view, he talked of "educating the people." When any one else had a different point of view to urge, it was "propaganda."

\* \* \*

Lansing contributed to what Bertrand Russell, in his *In Praise of Idleness* (Norton, \$2.50), calls the "European see-saw." So did the subject of Harold Nicolson's *Dwight Morrow* (Harcourt, Brace, \$3). Morrow, a member of the Morgan firm, did his part to bring the United States to the side of England, but when the Versailles settlement was made, and when Germany was saddled with the terrific burden of reparations Mr. Morrow saw through the dubious economics that constituted the post-war swing of the see-saw. He knew that we could not refuse to take German goods and still expect to get paid for our part in the war financing. He saw that when we lent money to Germany, it was "robbing Peter to pay Paul."

The American investor sent the money to Berlin in return for German bonds. The Germans, in turn, sent the money to London or Paris as reparations payment. And London and Paris sent it back to New York as interest on the war debt. Thus the American investor paid the American taxpayer. This could continue as long as German credit was good.

But because we were not willing to take German exports, the Germans could not make the money necessary to maintain their credit. Result: the investor, after helping out the taxpayer, suddenly found himself holding an empty bag. It might be said that Morrow, who as a Morgan partner helped to lure the investor into Europe, was one of the manufacturers of that empty bag.

Yet Morrow, who was a free trader, was not inconsistent. He tried to tell Calvin Coolidge that the American tariff was causing trouble, preventing Europe from making the money needed to amortize her various debts. He gave Coolidge "four volumes of William Graham Sumner," and asked him to read them. Coolidge saw nothing in them; had not Sumner failed to mention the American idea of "service," which Coolidge, along with George F. Babbitt, was plugging in those distant and innocent days? Strangely enough, Morrow continued to look upon Coolidge as a paragon. He served this paragon well in Mexico. And then came a period in the Senate which was cut short by death.

\* \* \*

After observing what grew out of the World War, one appreciates the intelligence of Chinese pacifism as described in Lin Yutang's flavorsome *My Country and My People* (John Day, Reynal & Hitchcock, \$3). Bertrand Russell has his own pacifism, too. A "new war," he remarks despairingly, "would probably only produce an even harsher treaty than that of 1919, leading to an even more virulent reaction on the part of the vanquished." Lin Yutang echoes Russell. He regards the French as crazy to saddle themselves with the rôle of European watchdog. Better to be defeated, as the Chinese have often been defeated. After one is licked, one can sit back and gradually absorb one's conquerors. Besides, the fresh blood from the outside always adds something energetic to a nation. Such are Lin Yutang's sophisticated and civilized sentiments.

In *Freedom of the Press* (Bobbs-Merrill, \$2.75), George Seldes analyzes the influences that bear on newspapers to distort or suppress the news. Mr. Seldes has produced an interesting and mainly truthful handbook of newspaper corruption, but the thought behind it is none too clear. The newspaper "freedom" guaranteed by the Bill of Rights is the right of any man to publish a journal expressing his sentiments. That is all that the Bill of Rights does guarantee. Inasmuch as Communists, Socialists, liberals and conservatives can all get their papers printed in the United States, the press here is "free."

Mr. Seldes's case is not one involving the freedom mentioned in the Bill of Rights. He is really objecting to certain conservative capi-

*Continued on Page XII*



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# CURRENT HISTORY

NOVEMBER 1935

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## Italy Doubts Mussolini

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By M. E. RAVAGE\*

AT the port of Naples dense masses of men, women and children crowd the piers. The magnificent bay is alive with craft of every size and description—glistening white yachts, sloops with painted sails, fishing smacks, long, slender racing shells—as far as the eye can see. Bands strike up *Giovinezza* (the Fascist hymn of youth) and columns of Balillas and Avanguardistas—boys and girls—join with piping voices in the refrain. Cheers rise from countless throats and are flung back from the slopes of Vesuvius with its symbolic plume of smoke: "Here they come!"

Yes, here they come, the troops about to leave for the war, swinging as they march, with flowers in their rifles. Applause, cheers, shouts fill the air as they mount the steep gangplanks, as the chains grind and hoist

the anchors, as the propellers churn, and the clumsy transports manoeuvre, elephantlike, their way out to the open sea.

Slowly the throngs disperse. The last echoes of fife and drum have died away. Only here and there little knots of women along the parapets—mothers, sisters and sweethearts, whose heroes have sailed away, never perhaps to return sound or alive from the fever-infested wastes of East Africa—gaze out over the water, their faces veiled lest their tears spoil the picture of the general rejoicing.

For weeks the Italian press has been rousing the nation to patriotic fervor, charging Ethiopia and the Emperor Haile Selassie with all the crimes and vices in the calendar, and shaking rhetorical fists at Great Britain, Japan, the League, every one who would presume to balk Italy in her destiny, who would uphold barbarism against civilization. Elaborate, historical retrospects recite the manner in which Britain by force conquered, con-

\*The author of this article is an American journalist who has spent many years in Europe and has recently been in Italy. He is the author of *The Malady of Europe* and other books.

solidated and has held her far-flung empire. The moral is patent, but it is drawn nevertheless: What other nations did, Italy has the right to do. World opinion? In articles and speeches that ridiculous phantom is held up to scorn. "Italy will march to her goal, regardless of world opinion. Woe to him who dares cross the path of her gallant sons!" No dissident voice mars the popular unanimity. The prospect of battle has solidified the country behind its leader. Twelve years of what is called Fascist realism, battering at the illusion of permanent peace, warning of wars to come and methodically, unceasingly, preparing for them, has done its work—or at least so it would seem.

But the appearances are deceptive. Never since fascism came to power has complaining in Italy been so general or so outspoken among all classes—workers, peasants, industrialists, landowners, investors, merchants—as it has been in the past twelve or fifteen months. Since the Ethiopian war preparations cast their shadow across the land the spirit of discontent and downright rebellion has even found its way into the army.

Rumor travels fast and in all directions. There are stories of violent scenes between King Victor Emmanuel and Mussolini. It is said that for every troopship that goes through the Suez Canal, two return with broken men. The story goes the rounds that soldiers have refused to board the transports at a Sardinian port, and that Mussolini was obliged to hurry down there to shame them into obedience. These, as has been said, are rumors.

But there are facts too. In June of this year several hundred intellectuals were suddenly rounded up and imprisoned. The American Consulates report a rush of Italian-born Ameri-

can citizens asking to be repatriated to the land of their adoption. Among them are people who had bought homes, farms, businesses of various kinds, clearly never intending to leave Italy again. There is a considerable number whose American citizenship has lapsed.

A document reaches the columns of a great English newspaper, a document the more certainly authentic in that it comes from a source by no means hostile to dictatorships and that it was not intended for publication. It is an unofficial bulletin issued by the German Ministry of Propaganda for the guidance of the press of the Reich. Among numerous other items under the caption, "Nothing must be printed about" is this one: "The mutinies in the Italian Army."

Undoubtedly there is discontent. What is it? Why is it? This attempt to give an answer is in the main the result of a composite impression of the sentiment of Italians about conditions generally and the Ethiopian war in particular. It is derived from numerous conversations with people of all degrees, partisans of the régime for the most part, many of them holding high posts in the government.

The workers complain that while fascism has disarmed them of their bargaining weapons, it has saved them neither from unemployment (quintupled between 1929 and 1933, and somewhat reduced since only by the speeding up of the war machine) nor from wage-cuts (between 16 and 38 per cent since 1926) nor yet from high prices of necessities (an average increase of 17 per cent for 125 commodities since last year). Moreover, while in other countries unemployment has been mitigated by the dole, in Italy only about one jobless person out of four has been given

relief. The more intelligent among the laboring classes do not hold fascism responsible for a depression that is world-wide; but the misery of the Italian masses began nearly two years before the general economic crisis and that, they declare, was a result of the excessively high figure at which the lira was stabilized and the subsequent deflation policy of the government.

Business, irked by a growing tendency toward State control, by the limits set on corporation profits, by the government's interference in wage and hour scales, by intervention through the recent licensing scheme in industrial expansion, and by a series of other measures designed to control private initiative, wonders whether the régime which had been understood to aim at the stabilization of the existing social and economic order is not leading Italy by a back-door to the very collectivism from which it had arisen to save her. Not only industrialists but many great landlords, seeing apprehensively the drift of the dictatorship, recall by way of an explanation as well as an earnest of the troubled future the fact that Mussolini began his career as a Socialist.

The landed proprietors, worried by radical Fascist agitation in favor of expropriation of idle land and alarmed by the government's pressing advocacy of crop-sharing contracts between owners and agricultural laborers, have their own grievances and their own fears. All this does not prevent the farm-workers from resisting these same contracts on the ground that they are but a scheme for reducing agricultural wages (which had already declined 20 to 50 per cent between 1927 and 1933) and rendering the economic position of the poor rural population more precarious than ever.

Discontent has in recent months penetrated the financial and investing community. By a decree of Dec. 8, 1934, all Italian citizens, whether resident at home or abroad, were required to submit to the Bank of Italy a list of all their foreign stocks, bonds and other credits. Five months later a further decree ordered them to deposit the holdings themselves with the same central institution. Banks and corporations must, in accordance with the earlier of these decrees, dispose of their foreign investments by ceding them, at the exchange rate of the day, to the Bank of Italy. Drastic measures, these, not only for checking any contemplated flight of capital but for calling in Italian resources that have already sought refuge abroad.

Italy's unfavorable trade balance is a chronic trouble much older than the present régime and resulting from the country's overpopulation and meager natural resources. But critics are not wanting to call attention to the fact that it has been greatly aggravated in the last few years by the high value of the lira and by the maintenance of the gold standard—both measures adopted for the sake of national prestige without relation to national welfare.

To top all these misfortunes, the country has now been pushed into a military struggle whose duration no man can foretell, whose burdens upon an economy already strained to the breaking point can only be surmised, whose consequences are at best unpredictable and at the worst may provide the spark for a general conflagration, and whose cost in human lives is not unlikely to be in any event more than can be borne by a nation not particularly militaristic, still afflicted with the unhealed wounds of the World War and shaken by unrest.

To be sure, the government's assurances may prove true that the Ethiopian enterprise, giving Italy more room for her surplus population and fresh resources, is the very thing to cure all the evils from which she is suffering. But this prospect, Mussolini's critics point out, would have been vastly more certain of materialization if the authorities had gone about the business in less headlong fashion, more subtly and skillfully, and if the head of the government had put the conduct of foreign affairs into trained, responsible and experienced hands instead of trying to demonstrate his diplomatic abilities. Napoleon's star, they recall, began to decline when, after letting Talleyrand go, he attempted to be his own Foreign Minister.

Among the plain people one is conscious of no more than a vague uneasiness, a feeling that matters have in some way been bungled. A petty colonial dispute which the older imperialist powers would have disposed of with a handful of native troops and a minimum of publicity has been allowed, through somebody's clumsiness—no doubt Mussolini's—to take on the proportions of a major war which has already cost Italy the good-will of the world, which may in consequence result in an economic and financial boycott against her and which threatens at all events to be both long and bloody.

Although Mussolini's government and his regimented press take every precaution to guard the Italian public against what is said and written abroad, it is they themselves who inadvertently let in the light. The people have gained more than an inkling of world opinion regarding Italy through the violent attacks in the Italian press on Great Britain and through Mussolini's fulminations against the League

of Nations. The Italian people may not know exactly why their nation is under a cloud, but they feel it all the same, and that deeply perturbs them.

Among the educated classes, particularly among those of the older generation whose memories go back to the World War as well as to the Italy of other days, criticism tends to be more specific. Such of them as the present writer has been able to approach are emphatically expansionist. Without quite sharing the government's accusations against Ethiopia, which they regard merely as propaganda for the mass, they are convinced that the conquest of that country by their own would be an excellent thing for Italy, for Ethiopia and for civilization. Italy must secure for herself the resources to which she is entitled and which she would have had long ago but for her becoming a united nation so late. Her allies were unfair to her at the Paris Peace Conference. It is the mission of fascism to right that wrong. And the Duce is unanswerable when he shows up the hypocrisy of the great imperialistic powers who righteously condemn Italy for emulating their example.

Where Mussolini goes astray, declare these friendly critics, is in not emulating the veteran imperialists' methods and tactics as well. A certain bluntness is very admirable and effective, even in diplomacy, provided it does not degenerate into stupid defiance. Great Britain and France did not set about building their empires by first alienating all their potential friends. Before France began the conquest of Morocco she made certain of Great Britain's benevolent neutrality. Better yet, she contrived to win over some of the native chieftains to her cause and to assume the rôle of defending the authority of the Sultan against dissident tribesmen. It was

by these tactics that she triumphed more than by the use of tanks and airplanes.

Italy, the critics of Fascist foreign policy point out, had every opportunity to make these methods her own. The fear of Germany could, moreover, have, with a little patience and moderation, swayed Great Britain to reasonableness, as it had—for a time—influenced the French. Instead of this, Italy's bluntness solidified Ethiopia's loosely organized tribes into a united nation, while her impatience forced France to choose between friendship with Great Britain and Italy. Mussolini overlooked the fact that a dictator's absolute power ends at his country's frontiers.

It is in the field of foreign relations that reviving Italian public opinion is most severe on Mussolini. Time and again this writer has seen loyal Fascists, who but a year ago worshipped their chief as Italy's savior, shake their heads mournfully as they reviewed his deplorable record in foreign policy. A State in which the power is as effectually concentrated in one man's hands as it perhaps ever was anywhere in history should, Mussolini's critics contend, at least have continuity and consistency in its external relations. But Italy under fascism has never been of the same mind in her diplomacy for two years running. In 1932 she was Germany's great advocate and the year following at swords' points with her. One day she was the leading adversary of French hegemony and the next she was playing the part of the affectionate Latin sister. And by way of a climax, the traditional friendship with England is let go sour. Is it surprising that the Italian people do not know on which foot to stand?

For five years after coming to power Italy's Fascist régime can scarcely be said to have had any foreign policy at all, unless the feud with Yugoslavia, inherited from its predecessors, may be so dignified. In 1927 Mussolini, looking for satellites to offset the French system of alliances, discovered the powers that had lost the war, and set about erecting his "hegemony of discontent." First Hungary and then Austria were taken under Italian tutelage. The King of Bulgaria was given an Italian princess for a wife. Germany was abetted in her fight for revision and Hitler coached in his task of exterminating such internal opposition to revision as existed.

Then, on the very morrow of the Nazi triumph, the whole of Mussolini's elaborate system collapsed like a house of cards. Hitlerite Germany's idea of a strong foreign policy began with a determined struggle for Austro-German union, which meant that in due time revision would be applied in the first instance to Italy's South Tyrol. By way of undermining this scheme, Italy encouraged Austria to raise up a dictator of her own, and Dollfuss in his turn was shown how to deal with parliamentary and other obstructionists. Unfortunately the crushing of the Austrian Socialists removed the only effective opposition to the Nazis, thus bringing the dreaded Austro-German union so much the nearer.

But these are not the only grounds on which Mussolini's diplomacy is found so disastrously inept. The assassination of King Alexander, followed as it was by Italy's desertion of Hungary while the latter stood in the dock at Geneva, greatly shortened the distance between Budapest and Berlin. Meanwhile Belgrade, closer at

once geographically and racially to Sofia, is laboring night and day with varying fortune for Bulgar-Yugoslav unity. And Venizelos's attempt to disrupt the Balkan entente ended in a pitiful fiasco.

In the face of such a record in international relations, Italians, full of doubts and misgivings, ask how they can look confidently to the future. This is not saying that Mussolini has lost his hold or that the Fascist régime is about to be overthrown. It is not saying that anything like an organized opposition, strong enough to attempt such an enterprise or even contemplating it, has so much as begun in Italy. It is impossible to say what the extent of the disaffection is, for it is still scattered, without leadership and therefore ineffectual. Both the régime and its founder remain masters of the situation. On the assumption that the African adventure succeeds, that is to say, that it does not provoke a struggle with Great Britain or a general war, and that the expedition against Ethiopia is concluded rapidly, victoriously and with a minimum of Italian sacrifices in lives and treasure, Mussolini and fascism should remain in the saddle for a long time to come.

These, however, are very big assumptions. It has been made abundantly clear by those familiar with the history of colonial conquest that the subjugation of Ethiopia, quite apart from possible complications in Europe, is not likely to prove the easy task which optimistic Italians profess

to anticipate. Experts, men holding high positions in the Italian Government, have themselves admitted to this writer that Italy expects the struggle to last four years. Are Italy's national economy and her financial resources likely to survive a war whose preparation alone has cost hundreds of millions of lire, and which in four years would cost 20,000,000,000? Above all, is the endurance of a people, which, as the World War has shown, is not given to military ardor, which is seething with discontent even before the struggle begins, likely to resist not for four years, but for two, or even for one in the face of disease, thirst, a broiling sun and a barbaric enemy who is defending his home?

Nevertheless, this rise to the surface of long pent-up discontent does mean that the spell is broken, that the dictatorship is no longer regarded as infallible, that public opinion is reviving and that Mussolini's conduct of the nation's affairs is henceforth subject to scrutiny and criticism by a growing element of the population comprising all classes. And this in its turn signifies that the real danger for Mussolini, in his warlike undertaking, lurks neither in London nor in Addis Ababa, but in Rome. Should his adventure drag out too long or end in failure he will have to reckon not with the British or the Ethiopians but with the Italian people themselves, the people who so far have been forced to believe that he could do no wrong.

# The League's Work for Peace

By JAMES T. SHOTWELL\*

ONE of a number of reasons for doubting if we are really civilized is the unscrupulous nature of politics. Of all the techniques that engage the interest and challenge the capacity of human intelligence there is none that is directed upon a larger, more important task than that of building up the structure of organized communities and furthering or safeguarding justice in the dealings of men and nations.

Yet it is a technique in which intelligence is constantly thwarted by unintelligence; in which prejudice blinds even the most worthy of citizens to the truth not only of what has happened in the past but even of what is happening before one's very eyes. Unconscious as well as conscious dishonesty prevents all but the most generous and tolerant spirits from seeing things as they really are.

That this is true of local politics, where men and women misjudge their neighbors, has long been pointed out by moralists, for it was a byword in our homes that politics and honesty seldom went together. While the same principle holds in national politics, the importance of the issues involved tends to bring statesmanship to the fore, although partisan misrepresentations continue to be the stock in trade of most of those who regard politics as a profession.

One might have expected, however,

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that this perverse tendency would not play so large a rôle in the politics of international relations. When a great experiment like the League of Nations is launched upon the world it ought to be possible to bring fair-minded criticism to its consideration instead of condemning it by prejudices from past controversies and distorting its history in the light of those prejudices. Yet it would be hard to find in any other field of politics so consistent a series of misrepresentations as those which have been offered to the American public as a fair picture of the effort to construct an organization of international cooperation in a world that is admittedly ill-prepared to undertake so great a task.

In the present crisis of the League it is particularly among the liberals of the United States that the anti-League prejudices are most to be found today. Throughout the early phases of the Ethiopian crisis they kept saying that the League would not live up to its obligations any more than it did in the Manchurian crisis, and when it did rise to the fulfillment of its duty under the Covenant, then it was stated that Great Britain was using the League as a cat's paw to carry out its own peculiarly selfish aims and purposes.

Mussolini's attack upon Ethiopia was not judged on its own merits under the conditions which prevail in the world today, for the American liberal, taking a leaf from the Japanese imperialist, argued that what Great Britain had done in the past made it a poor censor of Italy's similar

actions now and that the League as Great Britain's agent was therefore not that symbol of a new order in world relations which its advocates claimed it to be. Had the Italian aggression been more skillfully carried out, one might have found those who profess to abhor fascism most as the out-and-out defenders of its effort for a place in the sun.

Fortunately for them they were saved from this difficult paradox by the frankness with which Italy has stated and carried out its purpose. This frankness is not new with Mussolini. It was the *sacro egoismo* that Italy professed in the World War and that was one of the chief reasons for her failure to receive full consideration in the terms of the treaty of peace.

Then, however, no other issue was involved than that of one claimant against another in the apportionment of war gains. Now it is a different issue that this frankness serves to bring to the fore and that prevents any but the most determined opponent of the League from taking sides with Italy, however much he may hold back his support from the cooperative effort of Geneva. It is an issue of the use of pacific means for securing redress of grievances over against the immemorial method of resort to the sword. Can nations with a grievance look to the League with any serious hope that it will act effectively on their behalf?

The heart of the question, therefore, is whether the League of Nations can develop a technique adequate for this task. Can it serve as a real and genuine substitute for war as an instrument of national policy, that is, as the instrument upon which a nation can rely to attain its ends in the face of the opposition of other nations, so long as its cause is just?

This issue was one with which the League did not come to grips during the first decade of its history. The status quo was regarded mainly as a territorial question, and the shifting of frontiers meant a shifting of sovereignty. The chief attribute of sovereignty is power and, therefore, the controversy over the status quo was not merely a question of pacific readjustment of property but that of meeting the demand for a change where change is hardest to secure, that is, in territory and population.

Under the Covenant only peaceful methods are permitted for securing treaty revision. In Article X the members of the League undertake to respect and preserve the territorial integrity and existing independence of all members of the League "against external aggression." It is, therefore, only in case the claimant for revision resorts to war that the Covenant becomes an agent of the status quo.

Accepting these conditions, the governments of the Central Powers were throughout all the early history of the League little inclined to challenge the wisdom of Article X. That was mostly left for those private individuals who acquired the habit of denouncing the article without realizing that it did not come into operation unless the aggrieved State resorted to war. The Central Powers were at that time apprehensive of anarchy in Europe. We have now lost the sense of that apprehension, but it was deep and widespread and should be recalled in passing judgment upon the first decade of the League's history.

Apart from territorial matters and disarmament, which bring us even closer to the fundamental question of sovereignty, the peace treaties were considerably modified either by agreement or by disuse. But this process of revision was for the most part car-

ried out as quietly and unobtrusively as possible in order not to arouse susceptibilities. It was a diplomatic rather than a political procedure. Therefore, the nations that benefited from it did not fully register the extent of their gains, and the nations that yielded, if they learned what was done, had a feeling that they were surrendering without receiving any credit for their action.

As symbols of victory and defeat the peace treaties still stood, and seldom in history have symbols been more effective and more misused. Mr. Frank H. Simonds himself\* has freely admitted in his more serious writings that Germany's troubles in the post-war period were not all due to the Treaty of Versailles. On the contrary, they were due in greater degree than Germany herself would readily admit to the disastrous consequences of the war and to the post-war nationalism that has crippled the economic life of all European nations. There is a sober German opinion which is fully aware of these additional causes of Germany's post-war ills, but the propaganda for treaty revision, magnificently organized and intelligently directed, has obscured history and distorted opinion by a gigantic oversimplification.

Nevertheless, the fact remains that the League did not make any formal effort to revise the peace treaties as such. Article XIX of the Covenant remained a dead letter. In itself this is a much more challenging section of the Covenant than is commonly supposed. Its terms go very far indeed. It states that "the Assembly may from time to time advise the reconsideration by members of the League of treaties which have become inap-

plicable and the consideration of international conditions whose continuance might endanger the peace of the world."

Some day the fair-minded student of history will recall to his readers that this revolutionary article, this preface to a new world order—still to be attained—is actually in that ill-fated document, the Treaty of Versailles. In this matter, at least, it is not the treaty that failed to provide for peaceful change but the nations of the post-war era that failed to avail themselves of the machinery called for by it. The Italian episode has now brought this question to the fore.

It is not too much to say that the test of the League's capacity and the condition of its development from now on will be its ability to apply Article XIX, for it is the charter of a league of justice as well as of international peace.

The first condition for the application of Article XIX is that the members of the League shall invoke it instead of resorting to war. Peace under the status quo is an antecedent condition of peaceful change. This may at first sight seem a strange thing to say, in view of the fact that the threat of force, if not its actual application, has been and apparently still continues to be the most potent agent in securing change.

Nevertheless, the use or threat of force for such purposes keeps nations in that vicious circle which looks to force for the maintenance of existing conditions fully as much as for securing a change in them. In short, to inject force into this process even as a stimulant for action is to denature the process at the source and throw things back to the realm where the politics of power is the final determinant. Article XIX, which invokes the

\*An article by Mr. Simonds, entitled "The Drift to War," was published in CURRENT HISTORY for October, Pages 1-7.

rule of reason against the rule of force, must therefore proceed upon the condition that the international world is effectively policed against resort by any nation to the alternative method of using armed force.

This is the collective system proclaimed in the Covenant but never fully applied by the League until the present crisis. The principle underlying it was summarized by the British League of Nations Union in the slogan "Each for all and all for each," meaning that each nation would defend every other member of the League against an unprovoked aggression. So great a departure from the anarchy of the national State system of the nineteenth century has naturally been the subject of much discussion and has given rise to many varying opinions as to exactly how it would work.

There lies before me a massive pile of documents which come from the conference of experts which dealt with "collective security" at a meeting in London last June. This body was called together under the auspices of the Committee on Intellectual Co-operation of the League of Nations. Its proceedings have not yet been published, but they have been widely circulated to foreign offices and to students of international law.

No one could have expected when these academic discussions were carried on that the League of Nations would so soon be engaged in the international policing of one of its members. Now both theory and practice are showing us how this may be done. The program of peace enforcement following the resolution of the Assembly of 1921 makes it quite clear that there is a gradation of responsibility for the maintenance of peace. Not all nations are to be policemen on active duty. Those whose interests are most involved will naturally be called upon

first; those with only secondary interests will not be expected to cooperate to the same degree.

✓ This principle of graded responsibility is one which the League has asserted time and again, especially at the instance of the Scandinavian States and the British Dominions. The French Government made it the basis of its statement of security in the plan which it submitted to the Disarmament Conference in the Autumn of 1932; the British adopted it in its statement of its disarmament program in the following Spring; and it was as a concluding section to this chapter of history that Mr. Norman H. Davis made his historic statement of American policy before the Disarmament Conference in May, 1933, a statement of policy which, in spite of the isolationists' demands upon the administration, still remains in effect. Applied to the United States it means that we should not do anything to thwart the measures taken against a violator so designated by international agreement, "if we can concur in the judgment rendered as to the responsible and guilty party."

A little thought will show that graded responsibility in the application of the sanctions is based upon the real interests of nations, thus giving a common-sense interpretation to provisions of the Covenant which opponents of the League have described as meaning that all League members had to meet their obligations to the same extent, or at least in the same way.

No such fantastic altruism could be expected to work. All members of the League share a common moral duty to go to the support of a victim of unprovoked aggression, but some members would go further than others in actually applying the sanctions. Outlying nations, even within the League,

may not have to do more than the United States might be expected to do under the terms of Mr. Davis' statement, namely, abstain from helping the aggressor by the shipment of arms and supplies which enable him to carry out his aggression.

It is necessary to recall this whole procedure at some length, although it is or should be familiar to any student of League history, because it is the answer to those who have said that in the present circumstances Great Britain is using the League as its tool. The principle of self-interest governs in the assignment or acceptance of police duty among nations in any workable collective system, just as it does within the State itself. Great Britain has a larger stake than other nations in the immediate issue raised by Italy's aggression; if Great Britain had held back under such conditions, the liberals who now attack her on the basis that she is seeking satisfaction for her own self-interest would have had a real case against her.

Strangely enough, the most generous comment on British action has come from Germany, where, as a result of the courageous support given by Great Britain to the collective system, a new respect for the League is finding expression in the daily press. Sir Samuel Hoare, both in his speech before the Assembly on Sept. 11 and in his note to France of Sept. 29 has at last shown the world what collective security looks like. It is not likely that any statesman of any other country will be phrasing it in different terms from these for a long while to come, since they are not terms that apply peculiarly to Great Britain. They are built upon the entire past experience of the League as well.

If the League did nothing more than apply the principle of collective

security, even that would stand as a unique event in the world's history. It would be the first realization of the solidarity of nations in defense of world peace. Nevertheless, it would not mean any permanent gain for peace unless there were built upon it that next step which the enemies of the League say it cannot take, but which the British Foreign Secretary urges it to take, namely, that of securing adjustability to a changing world instead of merely keeping the peace within the framework of the past.

Here we come upon Article XIX with all its implications. Is there any way to force the revision of a treaty upon a nation that insists it will not accept the change? So far as one can see, this can be accomplished only by two measures short of war. Diplomacy may achieve it by persuasion, either convincing the recalcitrant State that it will gain directly or indirectly by the change or offering a quid pro quo for what is taken away. The other method is to apply the economic sanctions in a minor way. This latter course is not so impossible or so dangerous as the critics of Geneva would make out. Similar pressures are constantly being applied on every hand; indeed they constitute to some degree the basis of economic diplomacy throughout the world.

It is true that the conception of a treaty as an inviolable contract would have to be changed. This conception, which gained its place in the world during the rise of the national State system in early modern times, is part and parcel of an outworn theory of sovereignty as something inalienable and semi-divine. The tendency to get away from such an ironclad structure of international relations has shown itself more and more strongly in these post-war years both by the assignment of a term of years during which

the treaty is to run and by actual provision in the text for its revision either from time to time or at the end of the period.

The one kind of treaty that is hardest to revise is, as we have shown, the charter of a nation's existence or that which marks its boundaries. Such treaties, which deal with the transfer or the maintenance of citizenship, do not readily yield to economic pressure. That pressure, however, may so change the conditions of citizenship across frontiers as to make the question of its exact position of less importance. With nationalism at its present feverish height, I share the skepticism of those who think that little in this direction can be achieved in the immediate future. It is even possible that during this pioneering age of the world community other nations will do in the future what Italy has done today.

But it is shallow reasoning to draw the conclusion that such violation of the Covenant means that the League cannot through such experiences acquire the capacity to ensure justice while maintaining peace.

In conclusion, let me say that some of the issues raised by the nationalism of today are based on fundamental fallacies and that the solution in such cases lies not in granting a nation

what it thinks it wants but in holding out for those principles of government and of peace which are sound in themselves. Norman Angell performed a major service many years ago when he showed that the idea of nations making profit out of war was a "great illusion."

There is a similar illusion widely cherished that nations which are thickly populated would necessarily benefit if they acquired colonial possessions in other parts of the world. Much more important are the conditions of their trade, not simply with backward peoples but with all other nations. So long as nationalism builds Chinese walls around the nations of Europe, they cannot prosper, no matter what colonial possessions they may have; for there are no colonies available that will fully compensate for trading relations with the rest of the civilized world.

These conditions, however, have perhaps carried us too far from the problem of whether or not the League of Nations can ever fully achieve its august purpose. We cannot blueprint the future beyond building a few additions to the structure of the present. But it is not idle dreaming to suppose that the same intelligence that has built the structure thus far can ultimately carry it to completion.

# Wanted: A Naval Policy

By HANSON W. BALDWIN\*

ATTEMPTS recently made to initiate the international conferences scheduled for this year to "frame a new treaty to replace and carry out the purposes" of the London Naval Treaty have again focused attention on the problem of an American naval policy. Though these conferences, if ever held, are probably foredoomed to failure, world events emphasize the urgent necessity of an American naval policy—a policy of fact, not of theory; of reason, not of alarm; a policy of the people, not of Presidents or admirals.

There has never been an era when an intelligent naval policy was of more importance to the United States—and to the rest of the world. The trend of navies and of nations, of political philosophies, social institutions and economic systems is at a turning point. Sweeping forces already have remade our world. The fruits of circumstance and change are still to come. International politics are in a ferment; national jealousies and ambitions seethe and bubble; wars and aggressions threaten in a dozen "danger spots."

In the Far East Japan consolidates her position in Manchuria, develops her mandated islands, halts but briefly in her imperialistic expansion. In Europe the dark cloud of Italian ambitions casts a threatening shadow over the Continent. The few democ-

racies left in the Old World are fighting alike against internal and external forces—internal ones that would substitute for liberty and self-government the dictatorship and repression of fascism or communism; external forces that seek for empire, for power, for places in the sun. And in our own country our long struggle for recovery is being accompanied and complicated by the pull-and-haul of opposing economic and political theories, producing a domestic situation that requires a sharp and clear definition of the relationship of the navy (and of the army) to the central government.

The importance, therefore, of a reasoned, intelligent and stable, naval policy, one that will stand the attrition of time and the stress of change, and one that will meet the exigencies of the Far Eastern situation, the European problem and our own domestic difficulties, seem self-evident when the whole picture is painted. Much depends on our foreign policy, much, therefore, on the instrument that implements it; much depends on the relationship of the navy to the nation, much, therefore, on the definition of that relationship.

A navy being in a democracy only an instrument of national policy, naval policy is only a statement of the mission or purpose, the reason for existence of a navy, and it is governed by and is dependent upon the national policies and is always in furtherance of them. In the Fascist or dictatorial State where the navy and the army

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cease to be implements and become the real rulers that forge the nation's policy, naval policy is largely synonymous with national policy. But in transition from one form of government to another, for instance from democracy to fascism, naval (and military) policy may be diametrically opposed to avowed national policies.

The present naval policy of the United States has for some years been defined as follows: "To maintain the navy in sufficient strength to support the national policies and commerce and guard the continental and overseas possessions of the United States." But this is only a vague and generalized statement of the navy's mission; standing alone it means nothing; its practicality and effectiveness depend upon its application. In other words, these fine phrases, without ships to vitalize them, are like an army without guns. And this statement of policy as well as others which have preceded it (and varied from it) have been de-vitalized by indifference or inattention when we have not, by sudden spurts of building and frantic waving of the big navy stick, charged the innocent words of successive Secretaries of the Navy with dynamite.

The recent episodes in our vacillating naval policy are well known. We entered the World War unprepared, built up a tremendous fleet at tremendous cost, and after the war initiated the first conference on naval disarmament, which resulted in the Washington Treaty of 1922. From that treaty sprang our latest policy of naval parity. But once again, as so often in the past, we contented ourselves with the statement of a policy and made no attempt to live up to the letter of it. We had signed a treaty not only entitling us, but binding us, if world peace were best to be served, to keep our navy equal

in strength to Great Britain's and superior to Japan's in the ratio of 5 to 3.

Despite the introduction of a new viewpoint—a new policy, the policy of parity—we followed the same old cycle of the years; the navy declined in the Nineteen Twenties as it has always declined after nearly every war in our history. From the time the Washington Treaty was signed in 1922 until 1930 we laid down only 21 men-of-war, most of those in sudden brief spurts of building, while Great Britain built 86, and Japan 125. Our wartime-built fleet aged into obsolescence without replacements; we not only failed to achieve parity, we declined into second and well down toward third place among the world's sea powers. At the London Conference of 1930 the policy of parity was extended and the 5-5-3 ratios amplified, but still we made no pretense of living up to the treaties.

How much our failure to maintain parity has contributed to the débâcle of the past few years—the falling apart of the world's carefully built up peace structure, the violations of treaties, the aggression in Asia, the tension in Europe—only time and secret documents still hidden in State archives can tell.

The reasons for this lack of consistency and stability in our naval policies are not hard to find. Naval policy so far in our history has rightly been dependent upon and subsidiary to our national policies, and hence to a certain extent must vary as they vary. A cursory study should convince the chauvinist that vacillation and inconsistency have characterized the application of our national policies. Even the few outstanding policies we have clung to through the years—the Monroe Doctrine, self-isolation, the open door, freedom of the seas—have

### *Naval Strength of the Powers*

*The following table is based on the latest available figures for warships that are under age, building and appropriated for:*

	Capital Ships	Aircraft Carriers	Heavy Cruisers	Light Cruisers	Destroyers	Sub- marines
Great Britain.....	15	7	18	32	88	46
The United States.....	12	6	18	19	61	59
Japan .....	8	6	12	23	83	62
France .....	7	1	7	12	74	83
Italy .....	5	..	7	15	65	54

Total tonnage: Great Britain, 1,163,000; the United States, 1,022,000; Japan, 766,000; France, 571,000; Italy, 405,000.

met with shifting interpretations, and, in the light of recent events, some of these so-called basic concepts have been at least partially if not entirely altered. Hence the inconsistencies of our naval policies are understandable, though not entirely excusable.

Unfortunately, those inconsistencies of naval policy in turn affect our national policies, so that they again shift and twist like a weathercock, thus completing a vicious circle. Stable and well-defined national policies are, of course, the first requisite to any successful foreign relationship; perhaps our system of government precludes the possibility of any such stability; perhaps a wiser diplomacy and keener grasp of political realities could achieve it. The difficulty of introducing reasoned orderliness and systematized thinking in American international relations is, however, another question, but it is not the only reason for our ever-shifting naval policies.

The second reason for the non-crystallization of an American naval policy is the failure of the public to understand the uses and functions of a navy and to enunciate its mission. Admirals interpret naval needs in types and tons; politicians translate them into terms of the moment or

into fat "pork barrels" of plunder; Navy Leaguers and chauvinists want a navy bigger than the biggest, and many pacifists, idealists and radicals gloss all naval requirements with the tar brush of militarism. Behind all these, the common citizen, who in the final analysis is the one who should determine what the navy is for and what size it should be, writhes in the tangled skein of twisted thoughts, is confused by the varied opinions of little minds, and does not consistently exercise the collective strength of a democracy—the power of public opinion.

In the navy's periods of decline public opinion in the United States has not been antagonistic to the service; it has been largely unaware of the navy. In its eras of growing strength there has been no informed body of public opinion to act as a check rein. Only trained and intelligent public opinion, opinion which understands the uses of a navy and which is interested and competent to define its mission and to limit its sphere of action can successfully frame our naval policies. A careful understanding of our foreign policies is the first essential; then the literate masses should be aided in defining the mission of the navy. But there has

been no general comprehension of the importance of our foreign relations and their bearing upon naval policy on the part of the American public; there has been no wholesale education of that public in the uses of a navy or in the necessity of defining a clear and reasoned naval policy.

That there has not been heretofore any such wide-scale thinking, any really collective direction of the navy's destinies, is only partially due to geographic and economic factors which made us, in the past, less dependent upon the sea than any other great power. It has been due also to a short-sighted policy on the part of the press and backward, even primitive, methods used by the navy. The press has not realized the growing importance of naval affairs to the people and the navy has done everything it could to keep them from realizing it. If such an attitude persists, the impossibility of establishing and maintaining a reasoned and consistent naval policy seems obvious. Unless the navy provides facilities for disseminating accurate information about all phases of its life and unless the navy becomes, like the army, a part of the people, there can be no informed and intelligent public opinion that is essential to a reasoned naval policy.

Despite the discouraging past, there is still hope. Shortly after the Roosevelt administration took office, the nation's naval policy was revitalized. The passage of the Vinson-Trammell bill which put the legislative seal of approval on a treaty-strength navy and which authorized the construction of ships and planes necessary to achieve parity and the maintenance of our fleet at treaty strength was in itself a statement of naval policy. But more important than the Vinson bill were the appropriations that followed it to make it effective and the care-

ful and precise replacement planning initiated by Admiral William H. Standley, the present Chief of Naval Operations.

Admiral Standley's program, on which a start has been made, and for which detailed long-range plans have been drawn up, is in itself a secondary naval policy. But it is as yet merely a policy in embryo, for only time can tell whether or not our Congress in its wisdom will continue to support these plans with appropriations, or whether they will kill the unborn infant by neglect.

In brief, the plans envisage a consistent, orderly annual program of replacements for our obsolete and over-age ships. The Vinson-Trammell bill provides for additions to the navy to bring it to parity with the British navy, or so-called treaty strength, by 1942; that bill concerns itself with making effective and actual what heretofore has been our theoretical policy of parity.

But Admiral Standley's replacement program looks beyond this immediate objective; it concerns itself with all future time; it is designed to promote a "business-man's navy" and to set up what will be, in effect, a permanent and consistent naval policy. This Admiral Standley would accomplish by the simple expedient of having the nation commit itself to an annual program of replacements. The cost of laying down each year the keels of twelve or thirteen men-of-war of various types to replace, upon completion, outworn ships of the fleet, would be included in the annual naval appropriation bill as a regular item.

By laying down periodically a number of new ships, a policy followed by Great Britain steadily and undeviatingly for decades, we would emphasize our intention to maintain our navy at high efficiency and all-

round strength. "Humps" in shipbuilding would be ironed out; post-war slumps, followed by sudden spurts in keel laying, periods of naval inactivity followed by eras of intense and feverish construction, would be largely avoided; the sine curve of the ships would be leveled off, and much of the friction and the damage to our international relations, the harm to our prestige and the misunderstandings engendered by our past haphazard "policy" would be obviated.

This program of replacements plus the Vinson-Trammell Naval Bill will, if implemented by Congressional appropriations (funds for approximately 71,000 more tons of ships and money to complete many of the eighty-four now building must be provided if the navy is to be built to treaty strength and over-age ships replaced by new ones) and carried through the 1940s as planned, not only give us a policy of parity in fact but also establish a precedent for all future time. And it should be a policy flexible enough to meet the demands of a changing world, to implement the varying national policies we may espouse. The fleet itself may change in size as our national needs dictate, but—if the fleet be brought to treaty strength and Admiral Standley's replacement program put into and kept in operation—we shall have made the first step toward a consistent naval policy.

The second step—the setting up of an organization within the naval service for the dissemination of fact, not propaganda, and the creation of public interest in the navy and its problems—must follow the first, or the maintenance of a naval policy is impossible. And the adoption and maintenance of a reasoned and stable American naval policy, backed by intelligent public opinion, not only would have an incalculable influence upon the future of

the navy but would indubitably affect the fortunes of the nation.

Never was the necessity of a naval policy so apparent as it is today. With another administration and without the establishment of reasoned relations with the press, the navy, despite the bright prospects offered by Admiral Standley's program, might well lapse once again into a lethargic state of decadence, one of the periodic declines that we should avoid.

The other alternative to this dismal future is even more terrible, though in its extreme form less likely, but it would be equally damaging to any hope of a consistent and intelligent naval policy, and, in the long run, it might be fatal to our form of government. That other alternative is an unbridled building program—a naval race—and the consequences it might bring. Fascism is a chimera of alarmists, perhaps, but fascism often results when military and naval forces are first given free rein and then take the bit in their teeth.

There are already disturbing straws in the wind—the demand in some quarters that we match Japan's ships two for one, the navy's preparations for additional construction after 1936, the super-secrecy of the last manoeuvres, the increasing severity of naval regulations governing censorship and publicity; above all, the recent passage by the Senate of the "disaffection" bill sponsored by the navy, a bill described by many newspapers as a "real threat to the freedom of the press."

The apparently inexorable course of events is today forcing the nations of the world slowly to an international crisis. The world waits for the tocsin of war; the world prepares for a naval race. The nations are temporarily held in leash only by the provisions of the Washington and

London naval treaties which are in force, despite Japan's denunciation, until the end of 1936. Discussions to supplement those treaties and to extend or revise their provisions had been scheduled for this year and already have been prefaced by the surprising Anglo-German naval agreement, which instead of stabilizing the naval question apparently has done much to complicate it. There seems considerable doubt at the time of writing whether further conferences will be called, and as last year's abortive discussions with the Japanese at London showed there can be no progress in such discussions unless one of the sea powers concerned is willing to yield on basic points.

All in all, there is little likelihood that the peace structure so carefully built up on the basis of the Washington and London treaties can be saved from complete wreck; if any sort of treaty agreement is arrived at among the world's sea powers it will be surprising if it does not permit considerably increased building rather than limit or further reduce present sea establishments.

Further naval construction thus seems likely; the problem is to prevent it from degenerating into a naval race and the disaster such a race carried to its absurd finish would bring. As the Nye committee so well pointed out in the report on naval shipbuilding, "the navy is an instrument of national policy. Its growth and activities are watched abroad and take part in changing the foreign policy of other nations. Such changes work back to reshape our own national policy. The growth of a navy contains within it the seeds of armament races and wars as well as the legitimate seeds of a purely defensive national life insurance."

Beyond the shadow of a doubt the

navy and the nation must now choose between a return to the old, wasteful, irritating policy of fits-and-starts, or a dash headlong upon the rocks of unbridled building, war and fascism.

There is a way out of these dangers, and the guiding light to safety is Admiral Standley's replacement program. It is a program flexible enough to meet the demands of any change in national policies; its purpose, an efficient navy, and its method, the replacement of obsolete by modern ships, can meet with the objections of none who believe in the maintenance of a navy, no matter how small. Admiral Standley's program offers the surest insurance against those spurts and surges, lulls and lapses in naval building which spell friction and irritation in our international relations.

This program also offers a check rein upon unbridled building, since any Congress, no matter how much inflamed by prejudice or passion, will hesitate before appropriating funds for a gigantic fleet when it knows that that fleet for an indefinite future time will require annual replacements which will be a tremendous yearly drain upon the nation's resources.

For the first time we have a program that offers a basis on which a consistent and intelligent naval policy can be built. But this basis must be supported by a public opinion educated and interested enough to determine for itself what the naval policy of our nation shall be.

It is the people's problem; as the people decide so shall the problem be solved. But upon a small section of the people, upon the gentlemen of the press, the gentlemen of the navy, and those in high places, rests the responsibility of guiding and molding public opinion. And theirs is a heavy responsibility.

# Whither the Philippines?

By GRAYSON L. KIRK\*

WITH the inauguration on Nov. 15 of Manuel Quezon, who on Sept. 17 was elected the first President of the Philippine Commonwealth, a new era opens in American relations with the Far East. According to present plans, the United States will at once reduce its control to a minimum, and ten years hence will withdraw entirely, leaving behind a free people prepared for nationhood.

And yet there is little rejoicing in the Philippines at this prospect of national freedom, even if there is warm popular approval of the independence program, as was indicated by the overwhelming vote in the plebiscite last May. Privately Philippine leaders in business and politics are not at all happy for a variety of reasons which can all be summed up in this one question: Can the Philippine State, in view of general world conditions, and especially those prevailing in the Far East, maintain its independence once it has been established?

The leaders are now beginning to realize that under the present terms of the Independence Act it will be extremely difficult for the economic structure of the islands to survive separation from the United States. If then the Philippine structure should collapse and disorder should arise, what is to prevent Japan from using this pretext to intervene as she has in Manchuria? Japanese imperialism is not to be waved lightly aside, even by

the most optimistic Filipino politician, and fear of it may yet cause the native leaders to ask the United States to retain some form of economic and perhaps even political association with the islands.

When the United States took the islands from Spain, Americans were somewhat embarrassed by this rich booty of a righteous crusade undertaken to make Cuba free. Annoyed by foreign comment about American hypocrisy as well as by the unexpected vehemence of criticism at home, the Republican leaders hastened to assure the Filipinos—and the world—that this was no ordinary conquest. "We shall continue, as we have begun," said President McKinley, "to make these people whom Providence has brought within our jurisdiction feel that it is their liberty, and not our power, their welfare, and not our gain, we are seeking to enhance."

From the beginning leading American officials had spoken of the progressive enlargement of self-government and hinted that the policy of the United States might ultimately, if the Filipinos persisted in demanding it, be that of independence. Without there being at any time any express commitment by Congressional resolution or in any other form on the question of eventually giving the islands their independence, there was enough encouragement from high sources to keep the issue very much alive.

Its vitality, of course, came chiefly not from Washington but from Manila. The Filipino politicians early

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learned the value of those magic key words, "Liberty" and "Freedom," which speedily became the chief stock in trade of all native aspirants to a public career. So thoroughly, in fact, have the Philippine masses been indoctrinated with the idea of independence that it is today almost political suicide for a leader to recant on this issue. Unfortunately, this mass conviction now obstructs the settlement of the problem, for it has become a barrier beyond which Filipino statesmanship cannot go.

After the close of the World War Philippine propaganda became vigorous and insistent. The Wilson administration, committed by party tradition to granting independence, hedged when faced with the responsibility of power. Though it enacted a law which greatly widened the sphere of Philippine self-government, its only commitment to anything more was stated in the preamble to the Jones Act in which the withdrawal of American sovereignty was promised "as soon as a stable government can be established."

The ensuing twelve years of Republican rule brought the Philippines no nearer to their goal. Repeated missions and petitions were courteously received in Washington, but the rapid expansion of American foreign trade and the boom conditions in American industry destroyed official interest in the problem. Twice during the twelve years investigators were sent to the islands, and each time they reported that the advance made had been astounding. Public education had spread; sanitation and public health had been improved; highways had been constructed; native standards of living had risen.

Nevertheless, both reports agreed that early independence was out of the question, and in Washington, ac-

cordingly, the general view was that it was unthinkable, at least for a generation. By that time the Filipinos, happy and contented amid the blessings of their share in America's abounding prosperity, would, it was thought, be pleased to remain indefinitely under the Stars and Stripes.

The United States, from the outset, sought to improve Philippine economic life by encouraging foreign trade. Complete free trade with the United States began in 1909, subject only to certain quota limitations, and since these quotas were abolished in 1913 there has been no tariff of any kind to affect the flow of commerce between the two countries. Under this stimulus Philippine foreign trade rapidly expanded, the total value of exports and imports increasing by 370 per cent in the twenty-year period 1909-1929.

Two factors in this growth of trade are of vital significance. First, the Philippines soon became dependent upon the American market. In 1900 the United States took only 12 per cent of the islands' exports. In 1934 the United States supplied 65 per cent of their imports and took 87 per cent of their exports. The second factor is the concentration of the export trade on a few agricultural commodities. One crop, sugar, accounts today for more than 60 per cent of all Philippine exports, and it is all marketed in America. Last year four items—sugar, coconut products, hemp products and tobacco—constituted over 90 per cent of all Philippine exports. Nor has this growth of trade been by any means one-sided.

The Philippines ranked in 1933 as the eighth best customer for all American exports, and as the best of all for cotton cloth, dairy products and cigarettes, as well as the best Oriental market for such commodities as meat

products and iron and steel manufacturers. Potentially, the market is perhaps even more valuable, for the Filipinos have learned to like American products, and, when they are able to do so, buy them in preference to cheaper competitive products.

Despite the mutual advantages that arise from this exchange, the Philippine economy is basically unsound. Philippine prosperity depends too greatly on export trade, and that trade depends too greatly upon the American market. Politically, the islands have been steadily moving toward greater autonomy; economically, they have been moving just as steadily toward an ever closer integration with the United States.

If the Philippines had been freed because they were prepared to assume the burdens of independent Statehood, the story would be different. Actually, the United States Congress had no such statesmanlike motives. Under the pressure of certain farm organizations it passed the Independence Act, but only because a tariff wall could then be raised against Philippine imports. Had there been any other way to shut out Philippine sugar and coconut oil the issue of independence would still be academic.

No one in the United States seriously objected to Philippine imports until the depression. But in 1930, when prices of sugar and domestic fats and oils slumped, farm organizations began to campaign. It seemed to them that the unlimited duty-free importation of Philippine sugar and coconut oil was a primary factor in lowering American farm prices. First they tried, in the hearings on the Smoot-Hawley Tariff Act, to obtain a tariff on Philippine imports. When they found that so long as the islands remained under the American flag this was impossible, they decided to support the de-

mand for independence, and the Philippine leaders suddenly found that a powerful and aggressive group in the United States had taken over the championship of their cause.

The arguments advanced by the Farm Bureau, the Grange, the dairy associations, the cottonseed crushers and the domestic sugar growers were extremely simple. The beet-sugar growers, said President Cummings of the National Sugar Beet Growers Association, could not be convinced "that 1,000,000 tons of sugar placed on this market, produced by people who work for 35 or 40 cents a day, when the freight from that point is less than is paid on a sack of sugar from Denver to Omaha \* \* \* does not depress the price of sugar." Similarly, a resolution of the American Farm Bureau Federation said: "It is an idle gesture to place even high rates of duty on farm commodities and then allow such commodities or substitutes therefor to enter our markets duty free from our so-called colonies or dependencies. Therefore we favor immediate independence for such dependencies."

The general sentiment was summed up by Senator Heflin when he said: "They [the Philippines] are hanging like a millstone about the necks of the cotton producers and the peanut, bean and corn producers. Let us give them their independence and get rid of the Philippine Islands now. \* \* \* Let us \* \* \* go on record as being in favor of freeing the Philippine people, giving them their independence, and hereafter when this cheap and inferior stuff comes in to swamp our American farmers we can put a tariff on it."

The contention that Philippine imports of sugar and coconut oil adversely affect American prices for sugar and domestic fats and oils is difficult to prove. The United States, for one thing, has never been self-sus-

taining in regard to sugar. In 1933 the United States produced only 26.5 per cent of its needs. From Hawaii it brought 15.5 per cent; from Puerto Rico, 12.5 per cent; from the Philippines, 20 per cent. Cuba supplied the remaining 25.5 per cent. Authorities generally agree that, as American producers are able to supply only a small part of the demand, the price of sugar in the United States is equal to the world price, plus approximately the full amount of the tariff on Cuban sugar imports. Duty-free Philippine sugar can thus hardly have an adverse effect upon American sugar producers, for, unless the Cuban tariff preference is abolished, the sole result of eliminating Philippine sugar would be to give exactly that much more of the American market to Cuba.

The rapid increase during the past decade in Philippine sugar exports to the United States has, however, been unfavorable to Cuban sales, and so New York financial agencies interested in Cuban sugar have ardently supported Philippine independence. But these interests did not cooperate openly with the domestic producers because, while both desired to destroy Philippine competition, the latter are equally determined to end the Cuban preference. Nevertheless, both worked with the same object. That meant assuring Cuba of a possible market for an additional 1,000,000 tons of sugar a year, the Philippine exports to the United States having reached that figure in 1932.

The coconut-oil problem is similar in many respects. The great volume of coconut-oil imports, which reached 187,000 long tons in 1929, can affect domestic oil producers only if the two products are interchangeable, the use of one or the other depending solely on their relative prices. Despite many exaggerated claims by both sides, the

weight of evidence is clearly against the arguments of the American farm groups.

Most coconut-oil imports go into the soap kettle, and soap manufacturers, supported by expert testimony, insist that no domestic vegetable oil can be used as a satisfactory substitute. Most American cottonseed oil is used in the manufacture of shortening, for which coconut oil is unsuitable. Even if a tariff on coconut oil might cause margarine manufacturers to return to domestic animal fat, the butter producers would scarcely benefit, because the price spread between butter and margarine would still be great enough to prevent any serious shift to butter.

The American agricultural groups that led the agitation against the Philippines were either ignorant of the facts or they allowed themselves to be misled by their Washington lobbyists, who saw in the Philippine issue a means of proving their worth to those who employed them.

The Independence Act itself demonstrates the forces that were behind it. Although the islands must keep their markets open to American goods throughout the ten-year period preceding the grant of full independence, immediate quota limitations are to be placed upon Philippine exports of sugar, coconut oil and cordage to the United States. These are to be supplemented by special export taxes collected by the Philippine Government during the second five years of the period. Not satisfied with this one-sided arrangement, Congress scarcely waited until the Independence Act was signed to enact a law imposing a special excise tax on coconut oil and another establishing a quota system for all American sugar imports.

When the islands are entirely cut off from the American market, the coconut-oil industry will be completely



The Philippines and Their Neighbors

ruined. Future American oil imports will be in the form of copra. Likewise, the cigar industry faces ruin. But, since the world demand for Philippine copra and leaf tobacco remains substantial, the basic coconut and tobacco industries should survive without serious difficulty.

Sugar is the real problem. Thanks to Americanization, costs of production in the Philippines are so high that there can be no effective competition

in the world market with other areas like Cuba or Java. Unless the American market is kept open, virtually on a free-trade basis, the industry seems doomed. More than 2,000,000 Filipinos depend on it for their livelihood and, since it supplies 60 per cent of the government revenues, its destruction may imperil the whole independence experiment. Political stability too may be jeopardized if the government services, such as health and education,

are drastically curtailed because of lack of money and if this comes at a time when millions of scarcely literate people are experiencing serious economic hardship.

Sugar exports are also vital to the safety of Philippine banks and other institutions. As recently as eighteen months ago the Governor General reported that 47 per cent of the loans and advances made by the ten Philippine banks were upon sugar, and that 77 per cent of the \$22,500,000 total of loans by the government-owned National Bank is upon the same commodity. More than 40 per cent of the revenues of the government-owned Manila Railroad comes from the sugar traffic.

Filipino leaders speak confidently of solving these problems by diversifying crops and by developing industries which, by supplying local needs, can reduce dependence upon imports. Impressive lists of commodities that can be raised or manufactured in the islands have been drawn up, but diversification is a slow process at best, and industrialization requires large amounts of capital, which at present are certainly lacking. Under the Independence Act the prospect is that foreign capital will be driven out rather than attracted, unless, of course, a foreign government should encourage investment for political purposes. One thing is sure, that the existing supply of Philippine investment capital is not large enough to finance a program of industrialization.

It is conceivable that a weak and struggling Philippine State might survive separation from the United States if it could be sure of freedom from foreign interference. But the Far Eastern area offers no such guarantee. The problem of self-protection and self-preservation will be with the Fili-

pinos from the beginning, but not even the most optimistic of them dream of creating an army or navy that would be safeguards against aggression. The only hope is, therefore, membership in the League of Nations, together with an internationally guaranteed or neutralized status, or perhaps a close alliance with some great power.

Membership in the League is obviously of considerable value, but it can offer little security to a weak State, especially in the Far East. Nor is it likely that a great Western power would enter into an offensive and defensive alliance with the Philippine Government. Such an alliance would be of little or no value to the great power, and it would be certain to create friction with Japan.

There remains the possibility of neutralization—the solution hit upon by the framers of the Independence Act. Many Filipino leaders believe that independence can be jointly guaranteed by all the great powers with Far Eastern interests. They argue that the islands are so centrally and so strategically situated that all those powers would rather join in the policy of neutralization than risk the safety of their existing possessions. But as an obstacle there is always Japan. Neutralization would conflict with the Japanese Monroe Doctrine for the Far East, and it is doubtful if the present Japanese Government would support a program opposed to that policy. Even if neutralization can be achieved, would it really offer protection? Filipino leaders speak reassuringly of the peaceful history of neutralized Switzerland, but they seem to forget what happened to another neutralized State—Belgium.

The real political problem is Japan. Alarmists picture the Japanese Navy moving into Manila Bay the day after

the Americans sail for home. Optimists argue that Manchuria and North China will absorb the attention of the Japanese for many years, and that Japan cherishes no territorial ambitions in the Philippines. Both are probably wrong. It is equally absurd to talk of a Japanese occupation coming on the heels of the departing Americans, and to expect Japan, even if she makes no effort to bring the islands within the orbit of her empire, not to desire a dominant position there. The Philippines possess much that is attractive to Japan, above all, strategic position. If Japan could control the entire archipelago she would control the entire chain of islands that screen the coast of Eastern Asia and be able to carry further the penetration, commercial or otherwise, of the British and Dutch possessions in the East Indies. Japan would then be supreme throughout the entire Far East.

Colonization is another matter to be considered. The Japanese, it is frequently said, do not thrive in so tropical a climate as the Philippines and no amount of pressure could force many colonists to settle there permanently. Yet, plausible as this sounds, there are now 20,000 Japanese in the islands, most of them residing as permanent settlers in the Province of Davao, which is only 6 to 8 degrees north of the Equator. Actually, the Philippines offer a fertile field for colonization. The population of the islands averages only about 120 to the square mile in contrast to that of Japan, which is now about 450. At the same time, the Philippines possess raw materials which would be of considerable value to Japan—the largest iron ore reserves in the Far East, gold, lead, manganese, chromium and magnificent hardwood forests estimated to contain over 460,000,000,000 board

feet of commercially valuable lumber.

The Japanese will unquestionably try to carry out a complete economic penetration of the islands. By supplying capital they can develop the abundant raw materials and they can monopolize the Philippine import market, supplying virtually all the textiles and other products that are now bought from the United States. Such a commercial entente will not, however, solve the Philippine sugar problem, because the Japanese already produce in Formosa more than they require for their own needs. The only connection between the impending sugar crisis and the Japanese problem is that it is likely to offer an opportunity for the opening wedge of Japanese penetration.

What of the United States? The present policy of complete withdrawal at the end of the ten-year period may be followed, thus abandoning the Philippines to whatever fate may befall them. This is the only plan that is warmly supported by many influential persons at Washington. They believe that the retention of any interests in, or relations with, the Philippines constitutes an element of weakness in America's world position, and they argue that withdrawal may possibly avoid the danger of war with Japan. It is of no great concern to those who support this view that such a policy seems destined to throw the Philippines into the arms of Japan, thereby destroying both the results of thirty years of American work and the Western Christian civilization which the Islanders now possess.

As a second choice, the United States might amend the Independence Act by removing the export-tax provisions and by giving the Philippine Government greater autonomy in fiscal and tariff matters. This might be supplemented by the assurance that the United States is prepared to nego-

tiate a trade-preference treaty admitting sugar, coconut oil and other commodities virtually free on a quota basis in return for a favored position for the chief American exports in the Philippine market. If this course were followed, the islands could possibly weather the storm without the internal chaos that would invite rapid Japanese penetration. There would, of course, still be no absolute guarantee that the government could maintain its independence in the face of a determined policy of Japanese expansion, but it would at least free the United States from the charge that the Philippines had been deliberately sacrificed for the sake of certain American economic groups.

A third solution might be some form of Dominion status that would perpetuate a political association between the two countries. Such a solution would, if coupled with the trade policy

already mentioned, offer an even greater assurance for the future stability of the Philippine republic. It is this plan that most responsible Filipino leaders secretly, and in some recent cases openly, support. Naturally, its adoption would be most pleasing to Great Britain, France and the Netherlands.

If there is any feeling of responsibility in the United States toward the Filipinos and their future, the objectionable trade features of the present program should be abandoned and replaced by an arrangement that will offer the Filipinos some chance to maintain their independence once they have achieved it. If there is no feeling of further responsibility, and if the United States is to subordinate questions of national policy to the self-seeking of this or that lobbyist group, then the country should know what it is doing and why it is doing it.

# The Bank of France Under Fire

By HERBERT L. MATTHEWS\*

THE internal torment through which France is going has yielded no more heated or bitter debate than that which is raging around the Bank of France. It is more than a great financial institution upon which the fiscal, banking and industrial structures of France depend for leadership; it is now a vital political issue which will certainly add much fuel to the flames of domestic discord this Autumn and Winter.

Since the Bank of France was created in 1800 by Napoleon, then First Consul, there have been many régimes and many rulers in France—emperors and kings and presidents. There have been revolutions and wars. Three times the frontiers have been crossed by invading armies. Once—in March, April and May, 1871—Communists ruled Paris, where the head office of the bank and much of its gold have always been. Yet the Bank of France has gone through it all; it is still the same institution, ruled by essentially the same statutes, with the same structure and the same functions that Napoleon, who had become "by the Grace of God and the Constitutions of the Republic, Emperor of the French," gave it in final form on April 22, 1806.

It is the same, and yet not quite the same. Throughout its long and very honorable history it never openly mixed in politics until the Spring of 1935. Opinions on the necessity and value of that intervention differ rad-

ically, but the fact remains that the Laval government and the deflationary policies it has been pursuing are the indirect results of that intervention. The passions which it aroused have not yet died down.

"There exists in our country a Bastile which is the stronghold of resistance to popular sovereignty and the will of the State!" cried Leo Legrange, Socialist Deputy, in the memorable debate in the Chamber of Deputies on June 7 when Premier Laval received his majority. "This is the Bank of France and its Council of Regents!"

A week later (June 15, 1935) *La Lumière*, an influential weekly with Socialist leanings, took up the cry: "For fifteen days, openly, cynically, the Bank of France, taking as a pretext a panic skillfully organized, has given orders to the public authorities. For fifteen days the Bank of France has publicly defied popular sovereignty. \* \* \* Now that the feudal plutocracy which governs us has revealed to our eyes its centre and methods of action, now that Parliament and public opinion are finally enlightened, the struggle is being undertaken with the certainty of victory. The country will no longer submit to the will of a financial oligarchy, directed by M. de Wendel and M. de Rothschild. Republicans of all shades, you must unite to tear down this Bastile! You seek a program. There it is!"

Many other such quotations could be given. As late as Aug. 2 the news-

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paper *Le Quotidien* wrote editorially that "the Regents of the Bank of France exercise in our country the rôle of quasi-sovereigns."

At the bank itself they smile wearyly, shrug their shoulders philosophically, and make patient explanations which, perhaps, could be boiled down to this: "We saved the franc through this desperate crisis; we protected the nation's wealth; we prevented a financial panic; we spared France possible economic ruin internally and the loss of its prestige abroad. If this is playing politics, make the most of it! The Bank of France has weathered many and worse storms in its long history, and it will weather this one."

An understanding of the background to this debate is of vital importance to any one seeking to interpret the political situation in France with its tremendous possibilities for good or ill the world over.

What is the Bank of France? One well-known definition describes it as "a State institution in the form of a limited liability company." The holders of its 182,500 shares are private individuals. The State has not a single share, but it appoints the governor and the two assistant governors, and the bank is the Treasury's fiscal agent, as well as the country's sole bank of issue. "I want the bank," Napoleon declared, "to be sufficiently under the control of the governor, but not too much."

The 200 largest shareholders, who must be French citizens, form the General Assembly, in which each shareholder has one vote regardless of the size of his holding. However, from among these, fifteen regents and three censors are chosen. They, with the governor and assistant governors, form the general council, which rules the bank in all its ramifications and controls its policies.

The governor must own at least 100 shares of the bank and each assistant governor at least fifty. There is an unlimited term of service for these officials. Governor Georges Pallain, for instance, held office from 1898 until the end of 1920, carrying the bank with extraordinary skill through the vicissitudes of the World War. The governor presides at meetings, directs the internal administration of the bank, executes decisions of the general council and supervises the carrying out of laws and decrees.

The fifteen regents must each own at least thirty shares, though actually they now need at least eighty-five to get into the General Assembly, which elects them. Five are chosen from among manufacturers or merchants, three are officials of the Treasury (almost always Paymasters General). The rest are not designated in the statutes, but for the most part have turned out to be bankers. The regents are like directors of an ordinary corporation. They meet weekly, supervise all departments of the bank, fix the rates of discount and other interest rates and, with the censors' approval, determine the issuance of bank notes. The censors, who are also elected by the Assembly, supervise all the bank's transactions, have the right to see all accounts, registers and books, and report to the Assembly every twelve months. They are permitted no voting privileges.

This is the general structure as it was devised by Napoleon, with the aid of his astute Minister of the Treasury, Count Nicolas François Mollien, and there has been no change since. How that apparently democratic framework has been manipulated so as to place the bank and its tremendous power in the hands of a group of families which passes its privileges on like so many dynasties, furnishes

the chief clue to the present trouble.

According to the last annual statement of the Bank of France, there were on Dec. 26, 1934, 41,668 shareholders, dividing among themselves the 182,500 shares of the capital stock. On the face of it nothing could seem more democratic, but here is the way it really works out:

Number of shareholders possessing 1 share.....	18,238
Number of shareholders possessing 2 shares.....	9,071
Number of shareholders possessing 3 to 5 shares.....	8,164
Number of shareholders possessing 6 to 10 shares.....	3,545
Number of shareholders possessing 11 to 20 shares.....	1,483
Number of shareholders possessing 21 to 30 shares.....	573
Number of shareholders possessing 31 to 50 shares.....	331
Number of shareholders possessing 51 to 100 shares.....	182
Number of shareholders possessing more than 100 shares.....	81
 Total .....	 41,668

It will be noted that there are only 6,195 persons who have more than five shares. The number holding only one share forms 43 per cent of the total, and those holding one or two, 65 per cent. To make up the Assembly, which alone has any part in controlling the affairs of the bank, one takes the 81 shareholders owning more than 100 shares, and 119 of the largest holders in the group possessing 51 to 100 shares. That means a man would have to own about 85 shares to qualify for the Assembly.

When Napoleon founded the bank the par value of the shares was 1,000 francs. At its present relatively low figure the stock is being quoted at about 10,000 francs (during the boom years it was as high as 23,000 francs). It would require, therefore, an investment of about 850,000 francs (\$56,385 at par) in the stock of the bank to begin to qualify for the Assembly.

Those who do join this select group

of 200 thereby become an influential force in the French national economy. The right to sit in the Assembly is as highly prized as a Stock Exchange seat is by a Wall Street broker. Moreover, there are many families who hand down their holdings from generation to generation. The old nobility has always been very well represented. In a recent list were to be found the names of de la Rochefoucauld, de Ludre, de Montholon, du Breuil, de Pontbriand, de Vogué, de L'Aigle, de Pourtalès, de Reinach, de Remusat, de Ribes.

These and the other members of the Assembly nominate the all-powerful regents. And here we touch the very heart of the problem, for we find that a small group of bankers, closely allied with another group of important business leaders, not only dominate the Council of Regents and, through it, the entire workings of the bank, but in studying their ancestry and connections we discover that the families to which they belong have always occupied the same dominant rôle. Let us look at the present list of regent<sup>s</sup>.

First come the six bankers. The most influential among them, it is generally understood, is a relative newcomer—Baron Edouard de Rothschild, head of the French branch of his family and director of the Banque Rothschild Frères. The Rothschilds, it will be recalled, financed the European revolt against Napoleon and helped prepare his defeat at Waterloo. Louis XVIII, who was duly thankful, admitted them into France. Under Louis Philippe they gained power, and under Napoleon III consolidated it. Baron Alphonse de Rothschild became a regent of the Bank of France in 1855, and the family has had a representative on the Council of Regents ever since. Whenever there are dema-

gogic ravings in Parliament and in the press against "high finance," it is Baron Edouard de Rothschild that is singled out especially for accusation.

However, there are four other members of the council who are even more firmly entrenched. Each of them heads a great private bank which bears his name and which his ancestors before him carried on from the time they left Switzerland during Necker's financial ascendancy at the end of the eighteenth century.

In the original statutes of the Bank of France, under the date of Feb. 13, 1800, there is a list of the first regents. In a group named by Napoleon himself figures a certain "Mallet the elder, banker, Rue du Mont-Blanc." The present list of names contains the thirteenth regent belonging to that family, Ernest Mallet. At the last General Assembly he was re-elected for a period of five years. Then there is Baron Hottinguer, head of the Banque Hottinguer. The Hottinguers entered the Council of Regents for the first time in 1803, and they have been there ever since. A third member of this most select of all banking groups is the Baron Jacques de Neuflize. The fourth is Pierre Mirabaud, elected this year nominally to succeed Felix Vernes. The latter also presided over the same type of powerful private bank as the others mentioned here. His father was a regent of the Bank of France, and so was his great-grandfather, from 1832 to 1857. The new head of this bank will almost certainly become a regent before long. M. Mirabaud is the head of the bank of that name. He is really the successor on the council of his uncle, William d'Eichthal, who died last year. This latter succeeded his uncle, Paul Mirabaud, who in turn succeeded another uncle of the family, Adolphe

d'Eichthal. In this case the regency has descended four times, from uncle to nephew.

The absence of a Vernes from the present list must not obscure the fact that the head of the Banque Vernes will doubtless always play an important part in the affairs of the Bank of France.

For nearly a century and a half these five great private banks (Mallet, Hottinguer, Mirabaud, de Neuflize and Vernes) have handled the affairs of the wealthy nobility and the *grande bourgeoisie*. They have been, and still are, the controllers of the great French family fortunes. The importance to them of being regents is paramount. They are thus placed in a strategic position to estimate the value of new enterprises coming on the market, to control the movement of capital and discount and rediscount rates, to have their hands on the financial pulse of the country and prepare in advance for booms or slumps.

The heads of these banks have always seen to it that they owned large blocks of Bank of France stock. In the Assembly they can always be assured of many votes from members of the families whose fortunes they manage or fellow-members of the directorates of the innumerable companies to which they belong. In fact, directorates flow to them—almost come begging—for it is highly desirable that the great corporations have a regent of the Bank of France on their boards.

There is one more banker on the list, a newcomer, just elected this year—D. David-Weill, head of the Banque Lazard Frères, another very large and powerful private bank.

The list of "manufacturers and merchants" is hardly less interesting. There is the Marquis de Vogué, president of the Suez Canal Company and

head of many other powerful interests, whose family for two centuries directed the famous Manufacture de Glaces de Saint-Gobain, founded by Colbert, which has now become the largest chemical concern in France.

Perhaps the most famous of the regents, and certainly the one most often singled out for bitter denunciation, is François de Wendel, the heavy industries magnate, head of the house of that name, president of the Comité des Forges, which embraces the great French armaments trust, director of many great corporations and—to cap the climax—Senator from Meurthe-et-Moselle. Because of his position he is the parliamentary spokesman for the bank and a powerful figure in politics. He it was who, in a sensational address last Autumn, called upon the then Premier Flandin to embark upon a deflationary program. M. Flandin sealed his doom by refusing.

The rest of the list are great figures in French industry, though little known abroad. There is René Duchemin, president of the vast chemical combination known as the Etablissements Kuhlman. Two other leaders of the chemical industry, Maurice Tinardon of Alais-Forges et Camargues and Camille Poulenc of Rhone-Poulenc, are regents. The last of the "merchant" group is Robert Darblay, head of the paper concern bearing his name.

We have now listed twelve of the fifteen regents. The other three, by statute, must be government officials. They are now almost invariably Paymasters General, and rarely play an active part in the management of the bank. The present holders of the seats are Louis Blanc, Charles Prévost and Jean Véraguth.

From the necessarily curtailed description of the regents just given it might seem as if the bank was domi-

nated by bankers and chemical magnates. Actually, every one of the twelve first mentioned is a director of a great many concerns in connection with which—and this is the important fact to remember—they meet as fellow-members one or more other regents of the Bank of France.

An astute French journalist, Francis Delaisi, in a sensational article which appeared in the weekly, *Vu*, on June 26, 1935, gave the results of his patient researches into lists of directors. He found that the twelve regents of the Bank of France were on the board of no fewer than 95 corporations, on which they occupied 150 seats. These included 31 private banks, 8 insurance companies, 9 railroads, 8 shipping concerns, 7 metallurgical, 6 electrical and 8 mineral concerns, 12 chemical industries and 7 miscellaneous corporations.

Through these interlocking directorates the regency of the Bank of France is enabled to straddle a virtually complete cross-section of French finance and industry. Each group has permitted two or three regents from other branches of industry to join its boards of directors. The five great family banks already mentioned have formed a separate single bank called the Union Parisienne, which has on its board not only the head of each of the original banks but also François de Wendel. Baron Edouard de Rothschild meets three of these bankers on the boards of the Assurances Générales and the Nationale (insurance companies). He meets M. de Wendel on the Est (railroad system), Baron de Neuflize on the Paris-Lyon-Méditerranée (another railroad system), M. Duchemin on the Nord (still a third railroad). And so it goes. M. Delaisi was able to find only one regent who was director of a single corporation—M. Poulenc.

These intricate combinations make not only for harmony in the Council of Regents but for immense power. If there were ever a representative group of "high finance" this is it. There is apparently only one check on this enormous power—the governor and assistant governors. Yet a study of the history of the bank, particularly its contemporary history, does not indicate that it is an important check. Critics of the bank point out that one of the weak links in the governor's armor is that he must own at least 100 shares. That represents something like 1,000,000 francs (\$66,335 at par) at the present time. Frequently the nominee is not wealthy enough to acquire this stock. He must borrow some of the money, or perhaps he borrows the shares. But most of the shares are in the hands of the regents and their supporters in the Assembly. There becomes involved a relationship of debtor to creditor which those hostile to the bank have made much of.

Moreover, there have been many cases of retired, or dismissed, governors finding lucrative directorial or executive positions in companies run by regents. The Suez Canal Company and the Banque de Paris et des Pays-Bas are notable havens of refuge of that sort. Unfavorable comments are naturally heard on the subject.

Most of all, however, is the very natural development that the governor finds that the regents in protecting their own interests are thereby protecting the vital industrial interests of the country. What is good for them is good for the capital structure of France. M. Tannery, whom Premier Flandin put in the place of the summarily dismissed Governor Moret, is an outstanding example of the impossibility of a governor's entering into conflict with the regents. He was

placed in his present post to carry out M. Flandin's desires for support by the Bank of France of the government's liberal credit policies. M. Tannery, instead, became as orthodox and conservative as any of the regents. In other words, he found it impossible to follow Premier Flandin's program without apparently wrecking the economic and financial structure of the country. As a result, M. Tannery is still governor of the Bank of France, while M. Flandin is no longer Premier.

Enough has been said to indicate why M. Delaisi feels entitled to end his article with this bitter comment: "In earlier days, when the King was a minor, a Regent governed in his place. Democratic France now has twelve regents."

Great emphasis has been placed upon the composition and powers of the Council of Regents because it illuminates not only the political controversy now raging but indicates the extraordinary power for good or ill placed in the hands of this small group. But this should not obscure the fact that the Bank of France, as a great financial institution, plays a predominant rôle in the country and among central banks of the European Continent, quite apart from politics. There are only fifteen regents out of a total personnel of 4,541, according to the latest statistics. There are eighteen branches in Paris and the suburbs, in addition to the head office, and 159 branches, 84 sub-branches and 399 "attached cities" throughout France, which carry the manifold operations of the central banking system to the four corners of the country.

The total operations of this huge system during 1934 represented 104,474,418,000 francs. There were 25,745,136 commercial bills discounted for a total of 45,048,390,900 francs. The

discounting and rediscounting facilities of the bank and its branches are quite remarkable. Three signatures are needed, or two signatures with the deposit of securities, warehouse receipts or separate deeds of guaranty. Yet, despite this complicated system, bills as low as 5 francs can be discounted. Here is an interesting list of commercial bills discounted during 1934, at the head office in Paris, which shows the extent to which the bank is a medium for the smallest business men. In the provinces the proportion of small bills is even greater:

Bills of—	
5 francs to	10 francs.... 5,597
10 francs to	50 francs.... 348,820
50 francs to	100 francs.... 676,662
100 francs to	1,000 francs.... 3,398,545
1,000 francs to	10,000 francs.... 1,274,945
More than	10,000 francs.... 210,012
<hr/>	
Total.....	5,914,581

Rediscounts for other banks form a large part of the bills discounted, especially for the great credit establishments, which can carry on transactions with small cash reserves, knowing they can always raise cash in emergencies at the Bank of France.

Another of the bank's most important functions is to issue the nation's money. It has had the exclusive privilege of doing so since 1848. Notes can be issued only as a counterpart to statutory operations, i. e., cash deposits, discounts of commercial bills and advances on securities and bullion. Until the monetary crisis of 1924-28, there was no legal metallic coverage, but there was a maximum of circulation which ranged from 2,400,000,000 francs in 1870 to 58,500,000,000 francs at the end of 1925, when the inflationary movement was at its height. Even this figure was exceeded during the next two years and a half, and then, on June 28, 1928, under the dictatorial leadership of the late Raymond Poin-

caré, the monetary law now in force was enacted.

It declared that the bank must keep a stock of bullion and gold coin equal in minimum to 35 per cent of the sight liabilities. A new parity of 65.5 milligrams gold of nine-tenths fineness per franc was established. The notes are convertible into gold, but only, at present, in bars each worth about 215,000 francs (\$14,260 at par). It is these which the bank unquestioningly hands over the counter in times like the political crisis of early June, when as much as 1,500,000,000 francs in gold was lost in one day.

The French have never caught the American habit of using checks. Nearly all business is transacted in cash. When the bank was created, the smallest denomination of bills it could print was 500 francs. Since then, the limit was successively reduced to 200 (1847), 100 (1848), 50 (1857), 10 and 5 francs (1871). In 1933 the 5 and 10 franc bills were supplanted by coins.

The amount of currency in circulation has naturally varied in times of normalcy and crisis, but since the World War there has been an almost steady increase. The average for 1913 was 5,665,000,000 francs. By 1918 it had become 27,536,000,000 francs; while a recent statement (Aug. 16, 1935) showed no less than 81,064,005,535 francs in circulation, backed by the huge sum of 71,661,243,020 francs (more than \$4,750,000,000) in gold. There was a coverage for sight liabilities in that week of 75.68 per cent.

Among the bank's most important functions are those arising from its relations with the State, that is, with the Treasury. It has a monopoly for the deposit of State funds, on which it pays no interest. It acts as cashier for the Treasury and performs many

other services without compensation in return for its valuable franchise. Above all, in times of stress, it lends the government money—without interest. There is one permanent loan of 3,200,000,000 francs, which will be repaid only on expiration of the bank's charter (which has been extended many times) on Dec. 31, 1945.

The bank went to the aid of the State notably in the Revolution of 1848, the Franco-German War (1870-1871) and the World War. During the last period it lent the Treasury 26,000,000,000 francs cash, without counting 3,500,000,000 francs in Treasury bills, and went on lending steadily without reimbursement until the end of 1925. In 1925 alone—the inflationary year—the Treasury borrowed 17,500,000,000 francs. The greater part of this debt was wiped out by the Treasury's turning over to the bank the so-called profit from the revaluation of the gold stocks of the bank when the franc was stabilized at about one-fifth of its previous value.

As a private concern, the Bank of France pays its shareholders dividends (which cannot exceed 6 per cent) on the profits of its commercial operations. These amounted in 1934 to 138,825,112 francs, permitting a dividend of slightly more than 200 francs per share.

The importance of the Bank of France, simply as a bank, has been summed up as follows by Harvey E. Fisk of the Bankers Trust in a book he wrote on French finances in 1922: "An independent private institution, possessing its own capital, governed by a Council of Regents, under the experienced and able leadership of a governor and subgovernors appointed by the State, the Bank of France has been managed with liberal foresight

and discretion, thus assuring the soundness of its credit and its ability successfully to fulfill its functions as the centre and foundation of public and private finance in time of peace and through the ordeal of war. Its strength and endurance in days of stress, its patriotic assistance to the national Treasury and the beneficial influence it exercises in the different branches of industry, have won for it the well-deserved gratitude of the people of France and the admiration of financiers the world over."

So much for the past and present. Now, what of the future? The Third Republic is approaching what appears to be a grave political crisis. Four years of economic depression and its consequent hardships have frayed the public temper. The Laval government's deflationary program, with its unpopular pay cuts, has aroused much opposition. In the eyes of France's radicals and liberals (the "Popular Front" of Radical Socialists, Socialists and Communists), Laval is a tool of the Bank of France. The terms on which he took office were virtually dictated by the Council of Regents.

Is there a day of reckoning coming or will the nation at large come to feel that what is good for the great moneyed interests is also good for the public? Will the next government (or will it be the next régime?) honor this tower of financial strength or will it tear it down, as another Bastille? There must always be a Bank of France so long as there is a France, but the present structure, which has existed virtually unchanged for 135 years—is that doomed to disappear? Not only France but the whole world will anxiously await the answers to these questions.

# The British Way to Recovery

By ALZADA COMSTOCK\*

GREAT BRITAIN'S recovery since 1932 has put new heart into a nation that has passed through many discouraging years since the end of the war. The advance toward better times has been continued with scarcely a halt from the latter part of 1932 to the present time, until, in July of this year, the registered unemployed numbered less than 2,000,000 for the first time in five years. Almost at the same time the index of general business activity reached the 1929 level. For the last two years the budget has shown a surplus, and the Chancellor of the Exchequer can boast that he has completed most of the tax remissions and restorations of tax cuts that were promised when Great Britain began to tighten its belt.

To a world hopelessly confused about the most workable methods of getting out of the depression, the story of British recovery brings confusion worse confounded. If Great Britain is actually far closer to old-time prosperity than the United States, why do so many accounts of depressed areas and dying export industries come from that country? Since governmental control and direction has been applied to stimulate recovery, why do we not hear of endless political discussions and sudden upheavals in policy? How could the country of Adam Smith, John Stuart Mill and rugged individualism adjust itself to even the most modest type of State control?

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It is an open yet pertinent question whether Great Britain's rate of recovery is faster than that of the United States. The verdict depends upon what dates and figures are chosen. Actually Great Britain's increase in industrial production from the beginning of 1932 to the present has been slower than America's. But if one starts from 1929, when the United States had reached a boom peak much higher than Britain's (and one from which it had further to fall) the American failure to climb back to that peak stands out plainly, while in some ways Great Britain has regained her more modest level of that year.

Great Britain's recovery is largely in the newer manufacturing industries, agriculture and domestic trade. As yet it scarcely extends to the old established exporting industries. Consequently Great Britain always has with her the problem of the "depressed areas" and the "hard core of unemployment" in the stricken northern counties which are the homes of such industries as coal. Priestley's picture of these regions in *English Journey* brought home the problem to most readers in a way statistics never could. Writing of the old shipbuilding town of Stockton-on-Tees, where the grass is growing in the shipyards, Priestley says:

"Such new industries as we have had went south. Stockton and the rest, miles from London and with soaring rates [local taxes], were useless as centres for new enterprises. They were left to rot. And that per-



Britain's "Depressed Areas" (in black)

haps would not have mattered very much, for the bricks and mortar of these towns are not sacred, if it were not for one fact. These places left to rot have people living in them. Some of these people are rotting too."

And again, speaking of the combination and efficiency programs urged upon industry by the government for the sake of recovery, Priestley writes:

"Their labor, wages, full nutrition, self-respect, have been declared redundant. All their prospects on this earth have been carefully rationalized away. They have been left in the lurch. We have done the dirty on them. We can plan quite neatly to close the doors of their workshops on them, but cannot plan to open anything. We can cry *Shut Sesame* but not *Open Sesame*."

That is British recovery, real and sound and encouraging for those who have survived and who are protected, but with the workless areas forever

looming over the northern horizon, a kind of nightmare picture to trouble the sleep of the King's Ministers. Now at last there is a special commissioner for the depressed areas—a hard-working official who has so far been able to accomplish almost nothing, but whose courage and energy are still good.

The happier side of the picture is the improvement in agriculture, in the industries manufacturing for home consumption and in retail trade. The hand of the central government is everywhere—limiting imports for the protection of particular groups of home producers, particularly the farmers; promoting exports; supervising the control of agriculture; forcing or, better, persuading (with suitable rewards) old-fashioned industries to scrap their out-moded factories and to maintain fixed prices and wages; subsidizing house-building and slum clearance on a vast scale.

The people of Great Britain, true to their democratic tradition, argue without ceasing as to whether all this new State intervention is good policy or bad. At the same time the issues as between political parties are less violent than in the United States. Nineteenth-century Liberalism dies hard in a country that made vast fortunes under the flag of free trade and the slogan "Let the devil take the hindmost." But almost no one denies the stimulating effect of the whole policy upon domestic activity, at least for the time being. The answer to the question of its long-run value depends upon the political convictions of the speaker. Many people think that the country has been saved from ruin, and in just the nick of time, by the new policies. "Socialism unashamed" is a popular return taunt from the rugged individualists.

Almost nobody, in the heat of argument, bothers to be consistent. For example, the Federation of British Industries, in a report issued late in July, concluded that "our commercial policy, taken as a whole, has secured a remarkable degree of recovery for this country, as compared with that of other countries during the same period." At the same moment the F. B. I. opposed the use of coercive measures to bring minority firms into any of the new schemes of industrial organization on national lines. The *Economist*, that old-line individualist weekly whose editorial staff appears to have been permanently embittered by the growth of government control, fears that (March 2, 1935) "there is little hope that the present medley of controls and restrictions will do anything but hamper recovery" and yet thinks that if there were "method and not mere improvisation in the government's plans, the widespread lack of confidence would be quickly dissipated."

The methods and degrees of control used in the United States and Great Britain are not easy to compare. In general it may be said that in foreign commerce Great Britain has exercised a greater amount of control and guidance than has the United States. In limiting and subsidizing agricultural crops there have been marked similarities. In industry Great Britain, nominally at least, is trying to bring about for a few major industries "voluntary" enforcement of what in the United States would be called codes for wages, prices and production. British subsidy policy, if it can be called a policy, is so unlike the government aid granted in the United States that comparison is impossible. The housing grants, for example, have had the effect of a public works program, though Great Britain

has neither a great public works program nor the budget deficit that accompanies it.

But let the British Government speak for itself. The British "Corporative State," said Walter Elliott, Minister of Agriculture, in a press interview in the Summer of 1934, involves a "planned organization within the economic and social groups themselves. \* \* \* This new economic order has already developed further in England than is generally realized. I think we have even attained more in this direction than the United States with all their codes."

The protective tariff is used unashamedly by Great Britain today for the benefit of special groups of producers. It is a tribute to British integrity that there is little talk of special influence and none at all of bribery. It seems to be understood that the government does the best it can to promote British production, keeping agricultural needs at the forefront, and that it is more profitable to debate the merits of the question than the morals of Ministers and members of Parliament.

Although the National government will probably be credited (or debited) with making Great Britain a protectionist country, the drift toward protection began long before that government entered office. Free trade was threatened by the "fair trade" controversy of the Eighteen Eighties, by Joseph Chamberlain's campaign for imperial preference at the turn of the century, by the wartime duties and by the growth of tariff laws in the Nineteen Twenties. At last the National government of 1931, explicitly admitting its protectionist goal, carried the movement to its logical conclusion. "Abnormal importations" acts filled the gaps until permanent tariffs were devised. Agriculture fol-

lowed industry into the protected stockade, and the old slogan of "No Food Taxes" was heard no more.

A novelty to Americans, who thought they knew all there was to be known about protection, was Great Britain's development of a device to control the actual volume of commerce, namely, the trade agreement supplemented by import quotas. By this means exports can be assured to a home industry and imports controlled in favor of another home industry to an extent that few tariffs achieve. Great Britain has used this method particularly to guarantee coal exports and to keep agricultural products out of the country except in specified amounts when they are needed. For example, the trade agreement signed by Great Britain and Latvia in July, 1934, specified how much British coal and how many tons of British herrings Latvia was to take in the following year, and in return promised Latvia entry into Great Britain for her meat and dairy products except as limitation might be necessary because of regulation schemes for British meat and milk producers.

In the agricultural commodities that Great Britain has decided to shelter under "marketing schemes"—the equivalent of the American AAA—imports from abroad are tightly controlled. Imports of hops must not exceed 15 per cent of the total market demand. Imports of potatoes are prohibited except under licence, so that they have been cut to 3 per cent of home consumption. Bacon imports from abroad have been curtailed, and as much has been done for milk as is possible when so much comes from within the British Empire. Meat imports will be limited correspondingly as soon as Great Britain can reach agreement with the Dominions and

with Argentina. The British Government has thus made good its promises to the farmer and has undoubtedly aided him in reaching his new-found prosperity.

To the older generation, familiar with the British slogan of "No Food Taxes" and the doctrine that only through cheap food for the working-man could there be low wages, low costs and a competitive advantage in world markets for British manufactures, it is almost incredible that today about one-third of British agricultural produce is under price-raising marketing schemes, implemented in nearly every case by highly effective protection against foreign trade. The first to be thus dealt with was wheat—it is strange to remember that it was for free wheat that the battle of the Corn Laws was fought and won in the Hungry Forties. Instead of a marketing scheme, wheat was given a subsidy or "quota" in 1932. A levy was imposed on every sack of flour imported into Great Britain or milled within the country. The proceeds went to the British wheat-grower to make up the difference between the price he actually received and the standard price of about \$1.40 a bushel.

The results have been most satisfactory to the wheat-growers. Wheat farming has become so profitable that other grains have been abandoned for its sake, and a few ambitious colonials have returned to England to raise wheat with the improved agricultural machinery they learned to use abroad. The *Economist*, always unsympathetic with such methods of support, speaks (May 18, 1935) of the "colossal dole" of \$35,000,000 paid by consumers for the benefit of the wheat farmers in the cereal year 1933-34. Although it regards the Wheat Act as less vicious than some

of the other schemes, it deprecates the high price of bread and concludes that "the man in the street can only wonder and pay."

For other agricultural products—hops, milk, pigs and bacon, potatoes, and eggs and poultry—the plan has been to have either the producers themselves or commissions appointed by the government draw up marketing schemes. If approved by a substantial majority the plan is then made compulsory for all the producers in the industry. A marketing board is then established to regulate prices and amounts for sale and determine conditions of marketing. In the case of hops a monopoly has been given to present producers by prohibiting newcomers in the field. The government then plays its part by controlling imports of the commodity wherever possible.

Perhaps never since the days of the repeal of the Corn Laws has national agricultural policy been so hotly debated as at the present time. Thus, the *London Times* of July 22, 1935, printed on its editorial page a long article by W. Gavin, entitled "The Marketing Boards," in which the writer claimed great results for the new policy:

"Three years ago free trade under modern conditions had brought the British countryside to the verge of ruin. The deliberate sacrifice of the British farmer and farm worker in the cause of cheap food had not saved the manufacturing, export and shipping interests from acute depression—on the contrary, it had aggravated it by injuring the home demand. Since then recovery has set in not only in agriculture but in industry, and no one can assert that food has been dear."

During a debate on agricultural policy in the House of Commons on July

31 a Labor member argued against any policy which had reduced the number of agricultural laborers by 56,000 since 1931 and failed to raise farm wages above the level of that year. The *London Times*, commenting editorially next day, endorsed the government program and permitted itself the gibe that "Liberal critics \* \* \* cling overmuch to the foolish idea that agriculture can be preserved without protection in many forms." On Aug. 19 the results of a vote on the abandonment of the milk marketing scheme showed that more than four-fifths of the producers were in favor of keeping it.

The acquiescence of the greater part of the people in a program that involves taxation and increased costs of living for 93 per cent of the population in behalf of the 7 per cent who derive their income from agriculture indicates that rugged individualism as an ideal is fast vanishing from the British mind. Members of the Labor party, to be sure, have raised many objections to specific schemes, speaking on behalf of urban consumers, but that party is in principle anti-individualist with respect to industry, and its members are well aware that they must take care not to have too many inconsistencies pinned on them.

The government's program for industry has less unity than the agricultural plan, but a general tendency is already evident: the major industries must be induced to keep prices stable, keep wages up, control marketing effectively and get rid of less efficient units for the sake of the industries and of the whole country. "Self-regulation by the industry" is the government's demand. In return for organization and the attainment of reasonable efficiency, the government is prepared to help in regaining foreign markets, to control imports,

and in certain cases to give assistance at home. Neither party to these arrangements is deeply interested in the small or minority producer, the "forgotten man" of British industry, except to get rid of him if he is inefficient. He has no guarantee of equal rights. His only course is to fall under the wheels of the efficiency or "ration-alization" movement.

This policy is not yet fully developed, but the iron and steel, the cotton and the coal industries have already felt its effects. Iron and steel have been given tariff protection under conditions that illustrate the great distance Great Britain has traveled from pure individualism. This industry itself abandoned its free trade ideals with alacrity as its share of world commerce diminished. It became more and more insistent upon import duties until finally, in 1932, it was granted a protective tariff with the official admonition to set its house in order if protection was to continue. The industry thereupon set up a control scheme, and by 1934 it had progressed far enough to establish a council of twenty-nine to govern itself, promote efficiency and expand production. The government, though dissatisfied with the slowness of the progress, extended the iron and steel tariff indefinitely and put the industry on its honor to carry out its plan for internal control.

For years the Lancashire cotton industry, whose plight is known to the whole world, has been crying aloud for help. The government through the Bank of England, which is only by a technicality described as a private institution, went to the aid of the industry by giving financial support to the Lancashire Cotton Corporation. This organization has had a certain degree of success, although not so much as it hoped for, in dismantling

inefficient mills and concentrating production in the more efficient units. Within the two years 1933-34 it scrapped 4,000,000 spindles. In 1935 the government played a more active part by introducing into Parliament a bill providing for the purchase and scrapping of 10,000,000 spindles. The cost is to be met by a levy on all working spindles. In July, 1935, the hand of the government was felt again. The industry received an order from the Minister of Labor giving legal status to the wages agreed upon by employers and workers and making it a penal offense to offer employment at terms less advantageous than these.

The British coal mining industry is already so well regulated by law that in recent years complete nationalization, long demanded by the Labor party, has seemed to be just around the corner. The Coal Mines Act of 1930, under which prices and marketing are regulated, of course antedates the work of the present government, but the government is constantly prodding this industry to effect better price control. Meanwhile it has achieved much for the industry by forcing coal purchases upon other countries in connection with new foreign trade agreements.

The present government seems to be ready to make increased use of subsidies, particularly to agriculture. It has renewed, although on a diminishing scale, the subsidy paid to the sugar beet growers since 1925 (at a cost to the government of \$200,000,000). Cattle growers receive a considerable subsidy; the bacon marketing board has a government credit, and the milk producers have large government advances. The herring fisheries have been given a small amount, and merchant shipping has been granted \$10,000,000. The wheat

"subsidy" is really not a subsidy but a kind of processing tax.

The most effective subsidy, and possibly the greatest influence in the government's whole recovery program, is the aid that has made possible the immense housing program now being carried out in Great Britain. Since the armistice there have been built in Great Britain about 2,700,000 houses, almost one-half of which have been subsidized by the government or by the localities. Under the present government the program has been speeded up. During the four years ended on March 31, 1935, about 1,000,000 houses were built in England and Wales. Not content with the work already going on, the government has started a new slum clearance project. In its last session Parliament passed a housing bill under which within five years all officially condemned slums will be demolished and sufficient houses provided to do away with overcrowding. At the most this program is expected to cost the public treasuries only \$50,000,000 a year—not a staggering sum, the proponents of house construction as a recovery measure like to point out, in comparison with the money spent upon battleships, heavy guns and bombing planes.

Even the government's bitterest critics have a good word to say for the housing program. It has aided the

capital goods industries and generally stimulated employment, and apparently at the same time encouraged private industry, for in the last few months private house building has increased at an even faster rate than the construction aided by the government and the localities. The worst criticism is that it cannot last forever, and the slump may be bad. To this the government replies that it can see good results for at least five years ahead, after which, come what may, the British masses will be decently housed.

British governmental policy toward economic enterprise has so thoroughly altered that a return to nineteenth century individualism seems more and more remote. One prophet went over to the side of the angels before most observers were aware of the course of history. In 1926 J. Maynard Keynes published a little book called *The End of Laissez-Faire*. In it, with his uncanny faculty of prophecy, he hinted at much that has since come to pass. "I suggest," he said, "that progress lies in the growth and recognition of semi-autonomous bodies within the State, \* \* \* bodies which in the ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of the democracy as expressed through Parliament."

# De Valera's Ireland

By RALPH THOMPSON

SCRATCH an Irishman and you find a politician. The saying is old enough to be utterly false, and true enough to be completely up to date. Probably nowhere else in the modern world does politics play as large a part in everyday life as in the Irish Free State. Nearly every Irishman talks and a surprising number are mixed up in politics.

For this there is a very good reason. For over 700 years, the man in the street in Dublin or Limerick will explain, the Irish nation has struggled against what is called British imperialism. Occasionally guns and brickbats have been the weapons; more often the battle has been waged with such subtler instruments as words, policies and ballots. Great Britain makes a concession here and is promptly dunned for a concession there. This grudgingly granted, still more is asked. It is all endlessly irritating to the British. But for the Irish it is excellent experience.

To cite the important example. Shortly after the World War what had been John Bull's Other Island was split into two parts. Six counties in the Province of Ulster were parceled off to remain united with Great Britain; the remaining twenty-six counties were given virtual independence as the Irish Free State. This represented, so far as Great Britain was concerned, an enormous concession to Irish nationalism. But Irish nationalism was by no means satisfied. During the first ten years of self-government under the Presidency of Wil-

liam T. Cosgrave Free State politicians labored steadily to reunite Ireland and to remove all vestiges of the British connection. And in 1932, because the process was not being carried on at a lively enough rate, the electorate defeated Mr. Cosgrave at the polls and placed in power Eamon de Valera and his Fianna Fail party.

Mr. de Valera, semi-clerical in garb, tall, dark and dour in aspect, a consummate politician if there ever was one, is in office today. He stays there even though he has succeeded in less than four years in reducing Anglo-Irish relations to the status of a diplomatic sulk, in turning topsy-turvy the internal economy of the Free State and in making bitter enemies of not only those whom he succeeded in power but many of those who put him there. He is clever enough to be accused at one and the same time of being a revolutionary and a semi-Fascist, a monomaniacal Anglophobe and a bourgeois traitor to the principles of Irish republicanism.

He prosecutes a trade war with Britain which for the time being delights his radical constituency and infuriates exporters and those who supply the exports. He nurtures and encourages infant Irish industries, which at the present moment delights the new-born industrialists and infuriates his radical constituency. Amid nods of approval from Mr. Cosgrave's Opposition group, the United Ireland party, he metes out stern pun-

ishment to refractory leaders of the Irish Republican Army (the I. R. A.), and the next day issues an anti-British statement that excites the United Ireland party almost as much as it does the British. An uncompromising realist in some respects, he is able also to pursue such a fantastic and impossible scheme as that of re-establishing Gaelic as the language of the country. From month to month this process of playing both ends against the middle continues. The immediate result is that no considerable rival for Mr. de Valera's post of President of the Executive Council has as yet appeared. "Dev for at least five years more" is a common saying.

Yet immediate results are less important than ultimate results, and ominous echoes have been raised because of Mr. de Valera's deeds of commission and omission. They may be heard not merely in the office overlooking a pleasant garden near Merrion Square, Dublin, where sits Mr. Cosgrave pondering upon the ways of his successor; not merely in the headquarters of the I. R. A., where those leaders who are not "on the run" gather to discuss the actions of the man who hardly more than a decade ago was himself a hunted revolutionary. They may be heard on nearly every street corner and in nearly every village square throughout the



The Two Irelands—"A few score miles from one of the greatest industrial nations in the world"

length and breadth of the Free State. The fact is, in simplest terms, that Mr. de Valera's economic war with Britain is strangling Free State trade and raising the cost of living. The equally simple consequence is that so long as the war continues, there is little hope of a permanent understanding with Britain or little prospect of bringing back into the Free State fold the alienated six Ulster counties. And with these ends unattained, even the political genius of a de Valera may prove insufficient, for common-sense principles of geography and economics cannot be forever flouted.

Because no Irishman ever wished his country to knuckle down to London, Mr. de Valera found few to deny him when he dramatically campaigned

on the principle that so long as the Free State was economically dependent it could not be politically free. No matter that under the Cosgrave régime first steps had been taken in the direction of achieving a rational balance between Free State agriculture and Free State industry; no matter that first efforts had already been made to change the conditions under which Ireland had made a living by selling dairy products and other food-stuffs to Britain and had been dependent on Britain for essential raw materials and manufactured goods. Mr. de Valera won a mandate from the people to speed up the process of change, and speed it up he did.

Fianna Fail had not been long in office when London learned that the Irish land annuities would no longer be paid. For years the instalments from Irish farmers who had acquired property under the Land Purchase Acts passed by Parliament between 1897 and 1909 had gone into the British Exchequer, which had financed the purchases. Although the Government of Ireland Act 1920 had provided that the annuities should be retained by Dublin, Mr. Cosgrave in 1923 had signed an agreement by which they were once more turned over to Britain. This agreement Fianna Fail refused to recognize when it assumed power, and the sums collected were placed in a suspense account pending negotiation.

Mr. de Valera argued that the Cosgrave agreement had never been ratified by the Free State Parliament and that in any case the land on which the payments were due had been stolen from the Irish people in the sixteenth and seventeenth centuries. Though the sum involved, together with certain other moneys withheld, came to only about \$25,000,000 a year, he refused to give it up, and asked that the mat-

ter be brought before an impartial tribunal. Britain acceded, but to this day no tribunal has been chosen because neither Dublin nor London can accept the other's definition of the word "impartial." The former insists on an international board of judges, the latter upon one composed solely of citizens of the British Commonwealth.

It is hard to believe that a trade war could evolve out of such an impasse, and it is indeed true that the financial dispute is only a part of the larger one involving political and constitutional issues. Nevertheless, Britain promptly clapped one emergency duty after another on Irish livestock and agricultural produce in order to collect the money she felt was owing, and the Free State in turn imposed special tariffs on British commodities. Only one breach in the tariff wall has been made; early in 1935 a pact was arranged under which Britain accepted so many pounds' worth of Irish cattle in exchange for Ireland's purchase of so many pounds' worth of British coal. Even in this arrangement, however, the penal tariffs remained.

What has this economic war done to Ireland's commerce? Since Mr. de Valera has been in office the value of the total Free State foreign trade has fallen to 60 per cent of what it was in the fiscal year 1930-1931. No substitute market even faintly comparable to the British has been found for Free State produce, and the excess of imports over exports has risen steadily until it is now nearly twice that of four years ago.

In order to placate the farmers who found their chief market suddenly curtailed, the Fianna Fail government has handed out export bounties and remitted certain taxes. But these concessions have not mollified many of the farmers, particular-

ly the wealthier among them. Moreover, the effect has been to raise the cost of living in the Free State in general. Irish butter, for instance, costs more in a Dublin store than it does in Liverpool or Birmingham; Irish bacon is more expensive in Dundalk than it is in Newry, ten miles away across the Northern Ireland boundary. Many farmers have refused to pay their land annuities to the government so long as the government, by not handing them over to Britain, has caused the British to erect a tariff wall, and Mr. de Valera has made bitter enemies among those whose properties have been seized for non-payment. He has his hands full, too, on the Ulster boundary, where for obvious reasons a lively two-way smuggling trade is carried on.

The brighter side of the picture clearly shows that the Free State is now better able than before to feed itself, that it no longer indulges in a series of paradoxical practices, such as buying almost as much bacon and ham for home consumption as it exports. Before Fianna Fail came into office Free State flour mills produced only half the national requirements; at present no flour need be imported. About 80 per cent of the domestic sugar supply is now home-grown and home-manufactured. Instead of raising about six times as many beef cattle as the country can consume, Free State farmers have learned to pursue a more reasonable balance between tillage and grazing.

Industry has developed greatly, amid the beating of nationalistic drums. More than 50 per cent of the country's boots and shoes are now of local manufacture. Stoves, rain-coats, concrete bricks, tile piping, shoelaces, razor blades, automobile tires, confectionery, cigarettes—today all these are made, in varying quanti-

ties, within the Free State. Automobiles—French, German, British and American—are now locally assembled. Capital investment for the erection of factories is, indeed, an official explanation for the enormous excess of imports over exports. By encouraging industry, Mr. de Valera points out, he can not only make the Free State less dependent upon Britain, but also provide employment for thousands.

Yet dare even the most fervent advocate of economic nationalism argue with a straight face that an attempt to make the Free State self-supporting will ever be wholly successful? In area the Free State is only 27,000 square miles—smaller than the State of Maine; its population is a mere 3,000,000; it lies but a few score miles from one of the greatest industrial nations of the world; it is poor in natural resources. The further industrialization is pushed, moreover, the less likely will be the achievement of that central purpose of all Free State political parties—the reunion of the two Irelands. The North is a manufacturing centre, and vested interests there will not lightly agree, no matter how intense their Irish nationalism may become, to share their markets with Free State rivals. Nor will the latter, now finding their strength, welcome Northern competition.

It is not only the economic war and the consequent revolution in Ireland's economic life that render Mr. de Valera's position precarious. His opponents ask, and not without reason, exactly where the Free State stands in relation to Great Britain. Does Mr. de Valera intend to declare a republic? Does he intend to accept some sort of quasi-Dominion status? Or does he propose to muddle along as at present, with his country not quite without but not quite within the British Common-

wealth of Nations? And how does he intend to allay the social unrest let loose by the world depression and by his own actions?

Mr. de Valera is characteristically astute in not giving an outright answer to any of these questions. He twists the British lion's tail just enough to induce a few roars and shows just enough disrespect for King George and the royal prerogatives to make loyal Britons turn purple with rage. Since coming into office he has reduced the representation of the Crown in Ireland, the Governor Generalship, to the status of a national joke; he has abolished the oath of allegiance to the Crown; he has ended the right of appeal to the Privy Council from decisions of the Free State Supreme Court; he has voided the royal veto on Irish legislation and the right of the Crown to initiate financial measures. Most of these steps have been taken without a by-your-leave; the Irish Parliament passed the laws, and Britain could either like them or lump them.

None the less Mr. de Valera has been careful not to go too far. The Free State still supports a Governor General, no matter how mild-mannered and self-effacing an Irishman he may be, and under the new Irish Constitution which Mr. de Valera is said to be framing the title of Governor General will, it is reported, not disappear. The new Constitution is apparently to receive at least tacit British approval before it becomes the law of the land; there is as yet no reason to suppose that the British Navy will cease to control Irish waters; no hint has been made to indicate that British troops will be withdrawn from Northern Ireland, where, from the Nationalist point of view, they are garrisoned simply to make the Free State behave. Mr. de

Valera's recent promise that Ireland will never become a seat of operations against Britain convinces many that he has sold out to the forces of "imperialism," or at least so compromised himself that his position is no longer fundamentally different from that of Mr. Cosgrave.

In what direction the balance of Free State power will next shift is very difficult to say. With Fianna Fail leaning first to the Left and then to the Right, it may be that the de Valera government is indeed good for the "five years more" so commonly prophesied. Yet antipathetic elements, both moderate and extremist, have considerable support within the Irish electorate, and it is not beyond the range of possibility that one may eventually fight its way into control.

Mr. Cosgrave and his United Ireland party are, of course, the logical alternative. Earnest and capable, fine of feature, gentle in manner, Mr. Cosgrave is able to win many to his point of view: that the Free State now enjoys practically all the privileges and suffers few of the embarrassments of a completely independent republic. He would end the economic war with Britain, accept a Dominion status and work peacefully toward those ends of Irish nationalism as yet unattained. He finds an especially loyal following among the well-to-do farmers who are struggling against the government. Strengthening his appeal is a remnant of the blue-shirted League of Youth, under the leadership of Commandant Edward Cronin. This organization was at one time definitely Fascist, but now, though still semi-military in character, it has been toned down and serves merely to attract young people to Mr. Cosgrave's banner.

Fascist principles, lock, stock and barrel, have been taken up by the

former head of the League of Youth, General Eoin O'Duffy, who about a year ago broke with Mr. Cosgrave and organized what he calls the National Corporate party. Politically still an unknown quantity, the party professes a profound admiration for Mussolini, talks of a corporate Ireland based on the Italian model, and has laid elaborate if somewhat nebulous plans for a benevolent dictatorship with O'Duffy at the head. No Irishman outside the National Corporate ranks takes the party very seriously. The threat to Mr. de Valera from this quarter is not great.

Potentially more dangerous are the I. R. A. and kindred groupings. The Left includes also, to be sure, the Labor, Socialist and Communist parties, but none of these is large enough or strong enough to do much by itself. Labor tends to support Fianna Fail in critical junctures, though at odds with its social policies; communism and socialism, undiluted and unashamed, simply cannot acclimate themselves to Irish conditions. The I. R. A., however, is not a political body but a time-honored, semi-military institution. Numbering about 30,000 active members, it is well-organized, secretly drilled and armed with Lee-Enfield rifles, Colt revolvers and Thompson sub-machine guns.

When the British still ruled the land, and later, when the Cosgrave government first tried to work the Constitution of 1922, Mr. de Valera and the I. R. A. stood shoulder to shoulder. But now Mr. de Valera and the government are one and the same thing; he finds he cannot tolerate a private army, and as recently as June, 1935, declared himself hostile to all "subversive armed movements," whether Republican or Fascist. Scores of Republicans have been arrested for disturbing the peace in one way or

another and jailed because they generally refuse to recognize the authority of the court which tries them; others have been forced to go into hiding in the hills; a strict press censorship has caused the suspension of the I. R. A. weekly, *An Phoblacht*. In Republican minds Mr. de Valera's acts make Ramsay MacDonald's desertion of British Labor seem like sheer loyalty.

Mr. de Valera's answer is that the I. R. A. has degenerated into an organization of troublemakers, that the scholars, merchants and professional men who at one time gave it character long ago decided to work for Irish freedom through constitutional and legal channels, and that foreign influences, largely Russian, have perverted a nationalistic movement into an instrument of the class war. While this is not altogether true (there are still able and respectable members) there can be no question that Irish republicanism has taken on a class tinge. In the I. R. A.'s "Constitution and Governmental Programme for the Republic of Ireland" there is reference to the need for "directing the thoughts of the people along constructive revolutionary lines," and the Republican Congress, a political offshoot of the I. R. A., has declared itself not merely for a republic but for a "Workers and Working Farmers Republic," for "a Marxian leadership for the Irish people."

Ireland is fertile soil for radical doctrine. There are thousands of unemployed living on a dole consisting (for a single man) of less than \$2 per week plus two pounds of free beef; the sapping of the national wealth by generations of British landlords, while now practically ended, has left bitter and ineradicable memories. Emigration is at a standstill, and the population is rising for the first time since 1850. Domestic

prosperity will remain extremely elusive so long as Mr. de Valera persists in his economic policies; prices will rise, real wages will fall; and a bottle of Dublin whisky will continue to be more expensive in Dublin than it is in New York. Even communism, if properly diluted with nationalism and otherwise adapted, might not be an impossibility.

Actually communism is an impossibility, for the Free State is Roman Catholic to the core. Although there are today a few politicians who try to reconcile Catholicism and Marxism, a few who go from offices decorated with hammer-and-sickle banners to attend mass, the movement cannot succeed. The one abiding reality in Irish life is the Catholic Church; even if individual priests and Bishops are defied and disobeyed, the church as a whole remains fast in the hearts of the Irish people. Perhaps it is for this reason that Mr. de Valera has not prevented Communists from holding meetings and publishing their weekly periodical, the *Irish Workers' Voice*, at the same time that he has hounded the I. R. A. and kindred organizations. There is no need to use a field gun against a mosquito.

Mr. de Valera has reason, moreover, to go no further than absolutely necessary. He is sensitive to criticism, and winces when accused of suppressing freedom of speech, of sterilizing the press, of subjecting the nation to a veritable dictatorship. He has already gone pretty far. There is still in force the harsh Public Safety Act, under which the word "sedi-

tion" can be interpreted to mean the activities of almost any one the government dislikes or fears; bookstores are forbidden to sell certain volumes—not only those questionable from a moral standpoint but also those with a not-quite-proper social outlook; business and trade are to a great extent no longer free to act as they wish; government permits and licenses handicap a multitude of occupations.

Yet the fact remains that Mr. de Valera's Ireland is still superficially a calm and lovely place. Agriculture has not been so bound round with regulation that in Summer the rolling hills are no longer checkered with fields planted to wheat, barley or potatoes; stock-raising has not been so hampered that fine cattle and horses are not seen everywhere or that squealing pigs are no longer herded through seaport streets on their way to cross-channel ships and British breakfast tables. The tiny thatched cottages in the countryside are still spotless white, warmed by a fire of turf won from a near-by bog. The urban slum dwellings are still filled with pink-cheeked and cheerful children; the corner public houses with soft-spoken workmen, placid as only Irishmen can be despite poverty, unemployment and hardship.

Appearances, however, may be deceiving, and in hard times, especially, Ireland's zest for politics will not be denied. The arch-politician Eamon de Valera knows that. He does not need to be told that he will have to step lively if he wants to keep his job.

# Current History in Cartoons



Aftermath

—Washington Post



"Here I am, Benito"  
—*St. Louis Star-Times*



Going ahead  
—*Courier-Journal, Louisville*



A problem for the peace enforcer  
—*The Union, Manchester*

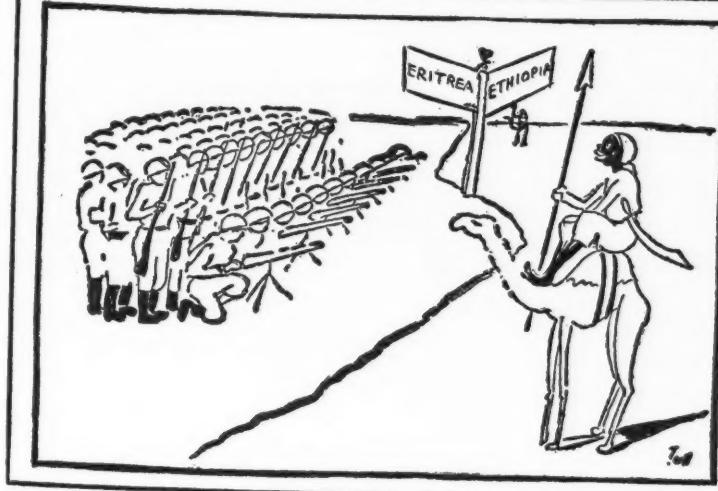


Wonder what poor Tony thinks  
—*Philadelphia Inquirer*



Laval:  
"There's a  
breach of  
promise either  
way"  
—*Daily Ex-  
press, London*

A use for  
Italy's boot  
—*Guerin  
Meschino,  
Milan*



Italy was ob-  
viously in  
danger  
—*Oeuvre,  
Paris*



Book agent and busy man  
—Dallas Morning News



As it looks to Roosevelt's opponents  
—Daily Oklahoman



Worker: "I'm just getting over the last one"  
—Courier-Journal, Louisville



Wanted: A demonstration  
—Springfield Republican



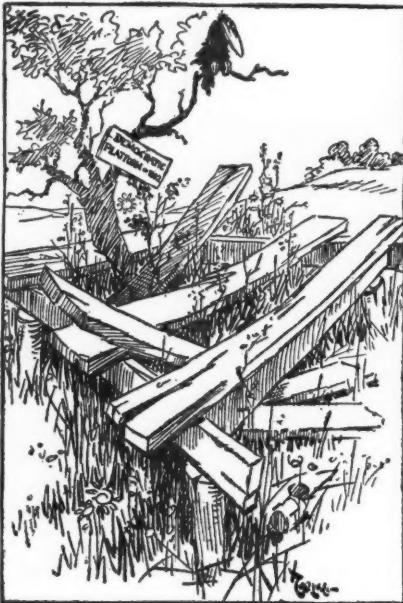
Filling in for the Court  
—*The Sun, Baltimore*



Sez you!  
—*Washington Post*



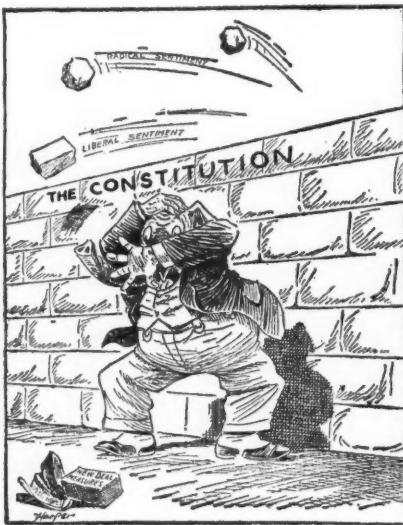
"Our lawyers are working on it"  
—*St. Louis Post-Dispatch*



What will they promise in 1936?  
—*New Haven Evening Register*



Well, if that's going to be the issue . . .  
—*Emporia Daily Gazette*



G. O. P. defending the Constitution  
—*Birmingham Age-Herald*



Going which way?  
—*St. Louis Star-Times*

# A Month's World History

## Chronology of Current Events

(Figures indicate page numbers.)

### International Events

- Sept. 11—Sir Samuel Hoare demands League act against aggression (169).  
Sept. 12—Secretary Hull invokes Kellogg pact in plea to Italy and Ethiopia.  
Sept. 13—Premier Laval backs League (169).  
Sept. 18—League group submits plan to solve Italo-Ethiopian dispute (170).  
Sept. 21—IItaly rejects League plan (172).  
Sept. 29—Britain promises to resist any aggressor in Europe (172).  
Oct. 2—Invasion of Ethiopia reported by Ethiopians (178).  
Oct. 3—Italian planes bomb Adowa (179).  
Oct. 4—Rearming of Britain promised by Prime Minister Baldwin.  
French Cabinet approves link with Britain in League move (169).  
Oct. 5—President Roosevelt embargoes arms for Italy and Ethiopia (169).  
Oct. 6—President warns Americans against traveling on Italian ships (169).  
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# The Ethiopian Crisis

By ALLAN NEVINS

WITHOUT formal declaration of war, an Italian army at dawn on Oct. 3 crossed the Mareb River from Eritrea into Ethiopia and began military operations. Before the day ended the Council of the League had been called to take appropriate steps against the Italian Government.

By Oct. 7 the League had acted. On that day thirteen member nations of the Council found that "the Italian Government has resorted to war in disregard of its covenants under Article XII of the Covenant of the League of Nations." The application of sanctions against Italy was, at the time this magazine went to press, apparently inevitable.

The Italian invasion constituted the clearest challenge that the League had yet been called upon to meet; and the most heartening fact in the whole depressing crisis was that Geneva was found facing it with spirit and decision. No one has ever asserted that the League has power to prevent wars. The utmost that can be claimed for it is that it can try to prevent conflict; that it can outlaw any aggressor nation, and hamper its activities by well-planned sanctions; and that its members will sternly refuse to recognize the ill-gotten gains of aggressive warfare.

Since 1931-32 many have felt that the League would prove a frail reed in any such difficulty. It unquestionably then fell short of its full duty in dealing with Japan's creation of an "independent" Manchukuo. But the fears that it would again act limply were fortunately belied. The ringing

speeches of Sir Samuel Hoare, Premier Laval and Maxim Litvinov at Geneva as the crisis developed, the mobilization of the British Navy, the instant response at Geneva to the Emperor Haile Selassie's appeal when Italian troops moved forward, all showed the true spirit of the Covenant.

After all, the Manchurian situation did not present quite an acid test of the League; the Ethiopian situation did. It must be remembered that two vital distinctions exist between these crises. The first is that in 1931-32 China had long been in a state of chronic civil war, that repeated interventions had taken place on Chinese soil (American Marines participating in some) and that restoration of order in Manchuria was really imperative, whereas Ethiopia has been quiet and generally well behaved. The second distinction is that Japanese intervention in Manchuria constituted merely a threat of war, whereas Italian interference in Ethiopia was war itself. The League could evade its full duty in the Far East and still exist. Evasion of its full duty in Ethiopia would have meant the utter and irretrievable ruin of the League. Bankrupt in credit, abandoned to scorn and derision, it would quickly have collapsed.

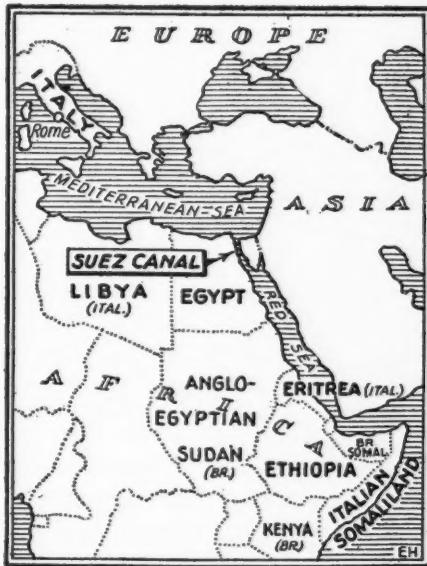
Whatever the war means, we may say with confidence that it does not mean the greatest of possible calamities, namely, the downfall of the League. Indeed, the moral prestige of that body had seldom stood higher than on the day when, the first shots still echoing, at the call of Enrique Guinazu of Argentina the leading

statesmen of Europe packed their bags to hasten to the Council meeting.

In Paris and London on Oct. 4 and 5 government officials conferred on the means of putting economic and financial sanctions into effect. Prime Minister Baldwin acknowledged on Oct. 4 "the unwavering, loyal support we are receiving at Geneva from every representative of the empire and every quarter of the globe." The French Cabinet meeting that day sent Premier Laval to Geneva with unanimous support in following the ordained League procedure. The British fleets concentrated upon Gibraltar and the Suez Canal had been assured of the use of French bases if attacked while enforcing sanctions. League members everywhere, even though, like Rumania, they sympathized with Italy, had promised the organization their loyal support.

In the Washington news of *The New York Times* on Oct. 5 was a significant paragraph: "This [the administration's] attitude represents no lack of sympathy with the League of Nations in the problem that confronts it. It is generally believed that our steps will be in harmony with those to be taken at Geneva in the direction of discouraging Italy from her venture." On Oct. 5 President Roosevelt declared an arms embargo against Italy and Ethiopia and pointed out that Americans "who voluntarily engage in transactions of any character with either of the belligerents do so at their own risk." The next day the President issued a proclamation warning citizens against traveling on ships of the belligerents—which was to say, of course, Italian ships.

It will be remembered that the League Council, following the failure of the three-power negotiations, met on Sept. 4; and two days later it set up a Conciliation Committee of Five



The Approximate Distance Between Italy and Her Base of Operations in Eritrea Is 2,000 Miles

under Salvador de Madariaga of Spain. While the committee began its labors the League Assembly was gathering. From this point the conflict between the League and Italy rapidly sharpened toward a complete rupture.

The Assembly was addressed on Sept. 11 by Sir Samuel Hoare, British Foreign Secretary, in one of the most impressive speeches ever heard at Geneva. On Sept. 13 he was followed by Premier Laval, who made an equally explicit pledge of French adherence to League principles. On Sept. 14 Maxim Litvinov spoke, pledging the Soviet Union to fulfill all its obligations under the Covenant. Meanwhile representatives of Belgium, Holland, Norway and Sweden had spoken, and they were followed with eloquence by President de Valera for the Irish Free State.

But as early as Sept. 14 Mussolini gave his answer in a Cabinet meeting which announced to the world that "the problem does not admit of com-

promise solutions." The undiscouraged Conciliation Committee presented its plan on Sept. 18. But on Sept. 22 Italy rejected it so brusquely that the conditional acceptance of Ethiopia on the following day counted for nothing. From that date war waited only on the ending of the rains.

This bare chronology of events at Geneva tells much less than half the story. Every word spoken by the leaders of the League—by Hoare, Laval and Litvinov—was underlined by the movements of the British warships in the Mediterranean. There was nothing dramatic or blustering about these movements. Indeed, nothing in these weeks was more striking than the contrast between Mussolini's martial preparations, conducted with mass meetings, parades, glaring headlines, noisy speeches, threatening communiqués, and finally an incredibly childish marshaling of the whole nation in its public squares, and the silent transfer of British squadrons, so well concealed by the Admiralty that much of it was learned only indirectly and when it was an accomplished fact. But when this transfer was concluded the two extremities of the Mediterranean bristled with British guns, and the Italian dictator suddenly assumed a new tone. In this mobilization of naval power the League found its chief moral (and material) support.

On the same date that the Council met, Sept. 4, the British Mediterranean fleet suddenly sailed from Malta for the Suez Canal, air force leaves were stopped in England, and unconfirmed rumors spread that the home fleet would go to the Mediterranean instead of the manoeuvres in the North Sea. On Sept. 11, the day of Hoare's vigorous speech, Prime Minister Baldwin presided over a meeting of the Committee on Imperial Defense. Next day, Sept. 12, heavy re-

inforcements for the Malta garrison were announced. Within the ensuing week scattered reports showed British warships rapidly moving from the Far East and the Indian Ocean toward Suez, and from the West Indies toward Gibraltar, which was being placed in condition to meet a siege. On Sept. 17 Europe was startled to learn that the greater part of the powerful British home fleet was at Gibraltar. By Sept. 20 it was known that large forces were collected at Alexandria, Haifa and Aden, and that feverish preparations for the military defense of Egypt were going forward.

In short, the British Empire had suddenly placed itself in a position to turn the keys on the gates of the Mediterranean at Gibraltar and the Suez Canal—though without a word to threaten such action. News of the movement was largely kept out of the British press, and the arrival of the main fleet at Gibraltar was first announced in New York newspapers.

It must at once be added that, as the League is primarily an instrument of peace, there was nothing ostentatiously warlike in this British action in behalf of the League. While it occurred the British Government and press, like the rest of the world, hoped against hope that the Conciliation Committee would produce a scheme acceptable to Italy and Ethiopia alike. To any government but that of a dictator bent on adding to his prestige by conquest, the plan offered on Sept. 18 should have been acceptable.

This plan proposed a "protocol of assistance"—that is, a comprehensive scheme for supervision of Ethiopia by the League. The League oversight was to extend to the policing of the country, the finances, the administration of justice and to education and public health. The chief supervising

officers were to be named by the League Council with the consent of the Emperor, and their work was to extend over a long period, with a review at the end of the first five years. Ethiopia was simultaneously to be thrown open to fuller economic development; and Great Britain and France expressed their recognition of Italy's special interest in this. France and England expressed also their willingness to "facilitate territorial adjustments between Italy and Ethiopia by themselves," consenting, if necessary, to certain sacrifices to Ethiopia in the region of the Somali coast.

All this would somewhat impair the sovereignty of Ethiopia. But the impairment would be in favor of an international agency, not in favor of an Italian yoke, and after the period of tutelage the nation would emerge with increased vigor and full independence. Since this is precisely what Mussolini did not want, he was certain to reject the plan. He did so with certain counter-suggestions, including annexations which extended west, not east, of Addis Ababa, and absolute control over the Ethiopian army, which the League could not for a moment entertain.

The fact must be emphasized that the plan of the Conciliation Committee did not stand alone and that an additional offer was made to Italy. When Sir Samuel Hoare addressed the League Assembly, he took up one of the principal Italian complaints and made specific proposals for meeting it. After saying that the League system is a flexible system, admitting of change and peaceable evolution, he declared that Great Britain was ready to examine the question of free access to raw materials. Several powers, notably Germany and Italy, apprehensive of being denied free and certain access to such materials, have

made demands for colonies. Sir Samuel suggested a collective inquiry into the problem of guaranteeing an absolutely fair and free distribution of raw materials from colonial areas, including mandated regions and protectorates. He promised that the British Government would do its share to solve this problem to the satisfaction of the hungry powers. When he said that the question was economic rather than political and territorial, he did not necessarily close the door to transfers of land. There is a large party in Great Britain, represented by the *Manchester Guardian*, which would be glad to see a limited redistribution of African territory in favor of Germany and Italy.

A great deal of nonsense is being talked about national need of raw materials. No monopoly of them whatever now exists. The world suffers today, as every American miner and farmer knows, from a plethora of raw materials. The producers thereof would be only too glad to sell any quantity of them to Italy at the slenderest margin of profit. Suppose the Italians, at vast expense in blood and taxation, finally set up a flourishing colony in Ethiopia. The coffee they produce would add to the superabundant store from Brazil; the rubber to the glut in South America, Malaysia and Liberia; the cotton to the world's surplus from America, Egypt and India. Some raw materials, like tin and nickel, Italy can under no circumstances control. Even the United States is without immediate control of them, as it is of rubber.

The simple truth is that if Italy wants an excuse for the conquest of Ethiopia she will have to find it elsewhere than in the deprivation of raw materials, for no such deprivation exists. That particular excuse would be as specious as the excuse that Italy

needs Ethiopia as an outlet for her excess population. Italy's surplus of population is counted in millions, and she would find the settling of even 100,000 colonists in East Africa a very slow, laborious and costly affair. What Mussolini desires is simply conquest and he desires it mainly for reasons of prestige.

Yet this does not alter the fact that Sir Samuel Hoare's suggestion of an international conference upon raw materials is an excellent one. Certain economic advantages, if only of investment, do exist in connection with the possession of colonial territory. The "hungry nations" have a legitimate grievance against those which are full-fed. The conference would find the problem full of difficulties. There is no way, for example, in which Great Britain could compel Canada to share her nickel, Australia her wool, South Africa her gold, or even India her cotton; questions of reciprocal trade, of imports as well as exports, would arise in connection with the Crown Colonies. But these problems will have to be faced sooner or later. It is interesting to note that the British press gave a generally cordial reception to Sir Samuel's proposal. The *London Times*, the *Daily Telegraph* and the *Manchester Guardian* spoke well of it, and even the *Tory Morning Post* stated that while the present was hardly the moment for such an inquiry, "we might be inclined to give freely out of our strength."

The Italian rejection of the plan of the Conciliation Commission, with Hoare's addition to it, was of course the inevitable result of the war mood which Mussolini had created in Italy. With that mood the League now had to reckon. The Italian people had been brought to the point where they believed the war just, moral and inescapable. So far as observers could

judge, they stood behind Mussolini.

The League was thus confronted by a sad choice of evils. If it acted slowly and cautiously, applying only the mildest sanctions while the Italian armies swept across Ethiopia, then fascism would be stronger than ever on the Continent of Europe; the League would be left in a dubious and perhaps weakened position; conquest and the mailed fist would have won a new victory. If the League adopted firm measures then a new danger loomed up. The defeat of Italy through decisive sanctions would leave the Italian people bitter, disillusioned, dissatisfied. Impoverished, overtaxed, demoralized, they would be ripe for joining the "revisionist" camp in Europe now occupied by Germany, Hungary and Bulgaria. They might, if their defeat were sufficiently crushing, even be forced into communism. Of these dangers the leaders of the League—that is, the British and French Governments—had constantly to think.

That they were thinking of such dangers was made clear by Baldwin, Hoare and Laval as the fighting in Ethiopia began. There was every indication in Geneva, London and Paris that the League would act by successive stages, hoping meanwhile to bring the war to an end. At all times, in dozens of speeches, the British leaders had made it clear that they would not move alone. Hoare in his speech of Sept. 19 spoke of "steady and collective resistance to all acts of unprovoked aggression." In his note of Sept. 29 to the French Government he pointed out that Article XVI suggested various courses of action against any culprit, implying that choice might be made of those most effective in the circumstances of the case. Prime Minister Baldwin, as late as Oct. 4, went out of his way to

say: "There never has been, and I hope there never will be, national enmity between my country and Italy." That is, Great Britain plainly preferred to take mild measures at first, resorting to more drastic steps only if the first sanctions did not succeed. She could not act without France and France was even more anxious than she to act mildly at the outset.

The French attitude, at this writing, was uncertain. In a reply to Britain made public on Oct. 7, France declared that her assistance in case of an Italian attack on the British fleet was conditional upon British support on land and in the air in case of French need. A complete Franco-British understanding, in other words, had not yet been reached.

There is no requirement of military or naval steps under Article XVI of the covenant. The only explicit requirement is of economic measures. All League members are pledged, when any nation resorts to war as Italy has done, to subject that nation immediately "to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State." The severance of all financial and trade relations with Italy would be a complex problem requiring time and preparation for effective solution. Embargoes and restrictions could in any event be applied only by degrees. If Italy remained recalcitrant, the vise could slowly be tightened.

The great hope was that Mussolini, realizing that Great Britain was in earnest, that the sympathy of the world was with the League, and that he ran the danger of total disaster,

would be satisfied with a few showy preliminary victories. The capture of Adowa and other easy points would give him opportunity to stage resounding celebrations in Italian cities. He might then, under the pressure of financial difficulties as well as of the League, consent to negotiate on terms not far removed from those suggested by the Conciliation Commission. In his speech on the occasion of "national mobilization," on Oct. 3, he declared that Italy would not regard economic and financial sanctions as ground for armed resistance. It was only open "acts of war" to which he would reply by warlike acts of his own. But Mussolini's utter unscrupulousness and recklessness and the danger that he might unchain Italian passions that he could not easily control, rendered the future obscure.

The all-important fact is that at this writing the League gives promise of rising to the height of any need that is imposed upon it. Thus far its chief bulwark in the crisis has been Great Britain. It is a cheap and shallow cynicism that ascribes Great Britain's course merely to selfish motives; for if the expressions of the press, or the Labor party, or the pulpit be any index, the feeling of the great mass of the British people has been raised to a pitch of high idealism, far removed from mean or ignoble motives. As for France, Premier Laval has said explicitly: "Our obligations are inscribed in the League Covenant. We shall not evade them." The smaller nations of the Continent, together with the Soviet Union, have made it plain that they agree with Mr. Baldwin that if "security can best be achieved by collective counsel and collective action, then responsibility for any action that may be taken rests on all, and must be squarely faced by all."

## Italy on the Eve of War

By WILLIAM E. LINGELBACH

ITALIAN war fever, though somewhat sobered in the face of the mobilization of Great Britain's powerful fleet, continued high throughout September. Troops, artillery, tanks, planes and supplies continued to flow in a steady stream to East Africa. Italian industry under the pressure of military needs was speeded up till production rose 19 per cent above that of a year ago. Finances and taxes were practically placed on a war footing; the press and government spokesmen assumed that hostilities with Ethiopia would shortly begin, as on Oct. 3 they did. By that date orders had been given for the closing of all Italian consulates in Ethiopia.

Italian relations with the League of Nations, and more particularly with Great Britain, nearly reached the breaking point. In September the response of the government and the press to the vigorous action of the powers at Geneva was one of defiance. Even the ominous mobilization of the British fleet in Mediterranean waters served at first only to irritate and anger the Fascists.

Cabinet meetings followed each other in rapid succession with each new development at Geneva and in the Mediterranean. At these, Mussolini, who himself holds seven portfolios, explained the situation to his colleagues, and official statements or communiqués on the Cabinet's decisions as to Italy's stand were issued. With each new communiqué, proof of the insuperable obstacles to a peaceful settlement of the dispute with Ethiopia became more apparent. On the other hand, a statement issued on

Sept. 28 marked a distinct change toward Great Britain and the exercise of sanctions by the League. By some it was heralded as opening the door to a compromise on the European aspects of the situation. The prospect was further improved when Mussolini announced that Italy was ready to drop her contention that the exercise of economic sanctions would be a *casus belli*. Military interference only, he pointed out, would mean war. Mussolini again expressed his attitude on the occasion of the great Fascist rally on Oct. 3, when he said: "To economic sanctions we will reply with our discipline, with our sobriety, with our spirit of sacrifice. To sanctions of a military nature, we will reply with military action." But the future remained in doubt.

In the face of possible European complications, military preparations took on a broader character. The African expedition still held the centre of the stage, but the threat of a war for the hegemony of the Mediterranean came more and more into the foreground. Sweeping mobilization orders were issued to the Italian fleet. A High Board of Strategy to coordinate and direct the disposition of sea, land and air forces was created, and a special commission was set up to examine the status of neutrals in case of war. The fleet was divided into two fighting squadrons, concentrated, according to reports, in the waters of Dodecanese Islands in the Eastern Mediterranean, where fortifications, underground oil reservoirs, hospitals and other war preparations were pushed forward with feverish haste.

Nearer home, the fortifications of the island of Pantellaria, between Sicily and the African coast, were strengthened for the purpose of cutting British communications in the Mediterranean in case the struggle for the control of that sea should develop.

In the meantime enormous quantities of war supplies were imported—coal, timber, 1,000,000 tons of wheat and other foodstuffs from Russia and Turkey, and tons of beef from South Africa direct to the armies in Eritrea and Italian Somaliland. All buying was done under a government monopoly directed by the Department of Communications and Transport. War materials were exempted from customs duties.

The pay of soldiers and their wives was materially increased during the month. Instead of the 12 cents a day heretofore paid men who have had some previous military service, the pay was fixed at about 45 cents, while the wives at home received 45 instead of 33 cents.

The costs of the African venture were colossal and the drain upon the gold reserve now unprotected by legal limitation proceeded rapidly. According to a decree published in the *Official Gazette* on Sept. 24, 2,500,000,000 lire had been appropriated for extraordinary expenses in Africa (at par the lira is worth nearly 9 cents). The balance of trade continued unfavorable; tourists' expenditures had fallen off materially, while foreign loans and credit were almost out of the question. To meet the steadily increasing cost, financial measures closely resembling those of actual wartime were inaugurated. On Sept. 18 an issue of a short-term war loan up to a total of 7,000,000,000 lire was announced, the bonds to sell at 95 and

bear interest at 5 per cent. Holders of the present government 3½ per cents were allowed to exchange their bonds for the new issue at 80.

New taxes were also ordered, especially on transportation and business turnover. The discount rate of the banks was raised on Sept. 8 for the second time within a month—from 4½ per cent to 5 per cent. In the first week of September, dividends on industrial securities were limited to 6 per cent; earnings above that sum were to be reinvested in the business. This, coupled with the new taxes, caused an appreciable decline in the price of Italian securities.

As a stimulus to the national spirit, Mussolini on Oct. 2 gave orders for a general mobilization of the country's 10,000,000 Fascisti. The order was issued over the radio at 3:20 P. M. by Achille Starace, grand secretary of the party. Immediately church bells and sirens took up the summons and men and women, boys and girls, dropped the work or play in hand, returned home, donned the Fascist uniform and joined their respective units in the public plaza and parade grounds.

After a lapse of two hours, the time allowed for assembling, bands struck up *Giovinezza*, the Fascist youth hymn, and Mussolini appeared on the balcony of the Palazzo Venezia to address the nation. Over a radio hookup in 7,329 cities, towns and villages, he spoke of Italy's "just cause" in Africa and of her anxiety to avert a European conflict. The impressive civil mobilization was heralded by the press as an inspiring demonstration of national discipline and solidarity, and a direct answer to the 2,000,000 British Labor votes for the application of sanctions against Italy.

## Haile Selassie's Defense

WHILE statesmen in London, Paris Rome and Geneva wrestled with the problem of peace during the wan-

ing Summer months of 1935, thousands of miles away from Europe, temporarily secure in his primitive mountain capital of Addis Ababa, Emperor Haile Selassie of Ethiopia made last-minute attempts to organize his semi-feudal dominions against the assault of modern Italy. Here was drama of unparalleled interest—the Sixteenth Century struggling to protect itself against the Twentieth.

Addis Ababa swarmed with correspondents, feature writers, press photographers and moving-picture camera men. Night after night the limited radio and telegraph facilities for communication with the outer world were overwhelmed in order to bring to European, American and Asiatic readers (at a press rate of 26 cents per cabled word from Addis Ababa to London) the unraveling of an epic tale. Yet hardly more than a series of impressions could be transmitted, so complicated and mysterious was the Ethiopian scene. The government press bureau gave out no information of value—not that it did not wish to accommodate correspondents, but, as one put it, "the officials don't know what to do or how to do it."

That great military activity went on there could be no doubt. Clad in native costume or improvised uniform, barefoot, hatless, awkward, thousands of Haile Selassie's subjects paraded the streets of the capital and disappeared in columns toward the threatened frontiers. By the end of September the long rainy season was coming to an end; roads would become more

nearly passable, and Italian troops, tanks and artillery would be able to begin their expected advance. Little time was to be lost.

As to the fighting qualities of the Ethiopians, even trained foreign observers could not be sure. At best the troops were irregulars, consisting of the so-called imperial army drawn from Harrar, Wallo and Shoa, the Provinces of which Haile Selassie is overlord, and of feudal levies from other parts of the empire. They had been instructed in the rudiments of drill by Swedish, Belgian, French and Swiss officers, but their ability to stand up under fire was debatable, their amenability to discipline unknown. They enjoyed the advantages of any defensive army—familiarity with terrain, with climate, with living conditions—but they had no common national purpose; they were of different creeds; they spoke different languages.

The Ethiopian command, as well, was by no means obviously superior to the Italian. Wehib Pasha, Turkish general, was in the lead on the southern front, where a major attack was expected. On the north, near Adowa, where Italy eventually launched her first drive, the troops were headed by Ras Kassa, 60-year-old hero of the earlier Adowa encounter. Directly responsible to the Emperor for all military movements was Ras Mulugeta, Minister of War.

Could even the best of commanders, however, dispose his forces sufficiently well to assure a victory? And were the troops skillfully deployed, could they be fed and cared for during a protracted campaign? Men leaving

for the front carried with them rations of parched corn and other foodstuffs, and steps had been taken by the government to establish grain depots in outlying parts of the empire, but would these efforts suffice to maintain an army for more than a few weeks? Tons of hospital and surgical supplies had been hurried into Addis Ababa, but would these be put to profitable use by a nation which had hitherto allowed its warriors to suffer unaided on the field or when wounded to succumb to prowling wild beasts?

Ethiopian arms and ammunition were also of doubtful quality. Munitions arrived steadily over the country's single railroad, that running in from Jibuti, in French Somaliland, but no one could tell whether they were arriving in sufficient quantities, since until the end of September most of the Western nations manufacturing war supplies had embargoed shipments to Ethiopia. There were at least a few of the most modern instruments of warfare on hand; correspondents told of anti-aircraft guns mounted on motor trucks in the streets of the capital, of occasional detachments armed with quick-firing Skoda rifles. Over 1,200 tons of munitions had been moved in via Jibuti since April.

On Sept. 23 it was estimated that 1,166,000 Ethiopian warriors were under arms. Another estimate was less sanguine, and fixed the size of the largest army which Haile Selassie could mobilize at 500,000. But when mobilization was finally ordered on Oct. 2 at least 250,000 troops were ready for battle.

Events beyond the military sphere were impossible to gauge. Foreign civilians had been leaving the country in a steady stream for weeks. Foreign legations had laid in extra supplies of foodstuffs and first-aid material; Great Britain and France had been

allowed to bring in small detachments of troops to guard their diplomatic quarters. The Emperor and Empress had broadcast radio talks to explain their plight to the outer world. The Crown Princess had disregarded all conventions of court conduct and had joined a group of ladies in the making of bandages and surgical dressings. The civilian population had been worked up to a fever pitch by religious festivals, parades, celebrations.

Addis Ababa, meanwhile, had become, as one correspondent explained, the most interesting place in the world—and the most irritating. "Lack of information, rumors in the bazaars, ineptitude, bribery; ram, lamb, sheep, mutton or goat twice a day; Somerset Maugham's rains, almost freezing temperatures; a Houston Street tenement room; fleas, lice, dirt; panhandling natives, lepers; an eternal manifestation of war, a disquieting quietude; a breath-taking altitude of 8,000 feet; camels with halitosis, refractory mules, screaming hyenas, geese which hiss and nip at one's legs, then chortle; motor cars racing about narrow streets to the frenzied blowing of horns"—this was the scene as the day of conflict drew near.

Yet what happened on the streets and byways of Addis Ababa was no key to the real internal situation in Ethiopia as a whole. It was impossible to tell to what degree native rivalries, dynastic quarrels and tribal unrest could be diverted to a national purpose, whether in the face of actual invasion the loosely knit African empire could maintain sufficient unity to offer successful resistance. The half-Oriental, half-Christian agglomeration which had prepared itself to face Mussolini's iron battalions had to be tried before the verdict could be given.

## The Italian Invasion Begins

THE long expected news that Italy had begun her invasion of Ethiopia reached the world through an announcement by the Ethiopian Government on Oct. 2 that Italian forces based on Assab in Southern Eritrea had penetrated Ethiopian territory near Mount Mussa Ali. According to French sources, this column, the objective of which was to cut the Jibuti-Addis Ababa railway, crossed the frontier about a week earlier and established an airplane base.

Although officials in Rome found it convenient to deny this preliminary violation of the frontier, the dawn of Oct. 3 saw Italy's war for revenge, for territory and for glory unleashed in its full fury and beyond the possibility of denial. A squadron of Italian bombers, commanded by Captain Galeazzo Ciano, Premier Mussolini's son-in-law, flew over Adowa, the scene of Italy's defeat in 1896, and Adigrat, a village about fifteen miles to the east, and dropped their cargoes of bombs. Simultaneously Italian forces crossed the northern frontier at a number of points and began their push toward Adowa. At the end of the first day they were reported to have penetrated nearly twelve miles within the frontier and to be almost within heavy gun range of their objective. Another drive was launched from Italian Somaliland with Harrar as its objective. Practically no opposition was encountered on any of the fronts on the first day. This seems to bear out Emperor Haile Selassie's claim that he had withdrawn his forces to a line about eighteen miles behind the frontier to prevent incidents that might give Italy grounds for charg-

ing that Ethiopia was the aggressor.

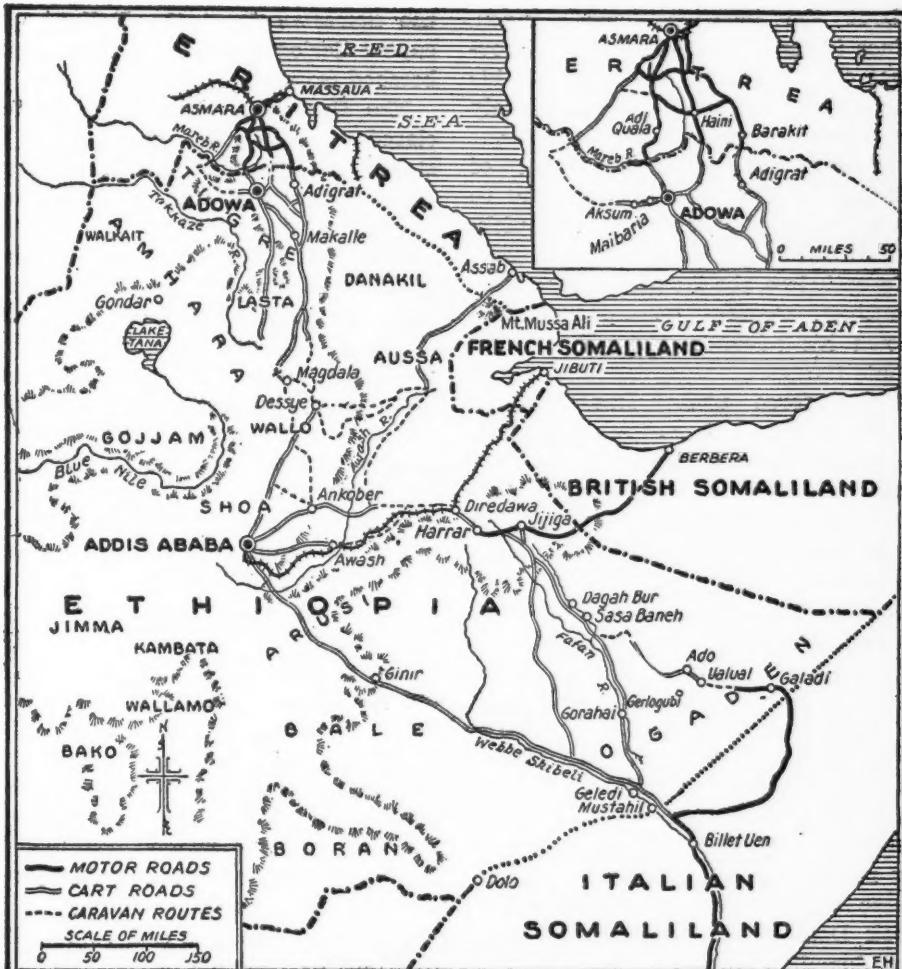
In announcing that Adowa and Adigrat had been bombed by Italian planes, Haile Selassie charged that the Red Cross hospital at Adowa had been struck and that some 1,700 civilians had been killed or wounded. This figure was influenced by the usual war-time exaggeration, for an official estimate later placed the number of casualties at less than 100. Italian authorities denied that the hospital had been hit and declared that only a fort that had fired on the planes had been bombed.

Soon after announcing the bomb attack, the Emperor ordered the Italian Legation placed under guard and a general mobilization by means of the age-old method of war drums, which resounded from mountain to mountain and from village to village throughout the country. Although momentarily expecting enemy bombers to appear from the East the thousands of tribal levies concentrated at Addis Ababa greeted the proclamation of war with enthusiasm. Waving their knives they shouted: "Death to the Italians! Finish them once and for all! We thank you for your decree. God give you long life."

After reading the proclamation ordering the general mobilization, Haile Selassie pardoned 7,000 able-bodied prisoners regardless of their crimes, and all enlisted to fight the invader. The government issued a warning that all slackers and spies would be immediately hanged. A few anti-aircraft guns were concentrated about the railway station in preparation for a raid expected to come from the Italian air base at Mount Mussa Ali, and

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Communications and Terrain in Ethiopia. Insert Shows Region Around Adowa

work was rushed on a number of bomb-proof shelters.

The next day, Oct. 4, brought well-confirmed news that Italian columns converging on Adowa had made substantial progress through the mountainous terrain. The only resistance encountered was from small bodies of Ethiopian scouts. Fierce fighting was reported to have taken place between local tribesmen and the Italian Army advancing from Mount Mussa Ali. Considerable losses appear to have been suffered by both sides in

this region. Although news of General Graziani's advance into Ethiopia from Italian Somaliland was vague, it was learned that his forces, specially equipped with tanks and armored cars, were pouring over the frontier in drives up the Webbe Shebeli River and, farther east, toward Gerlogubi and Jigjiga. Italian planes were active on this front, bombing the mud fort and concentrations of tribesmen at Gorahai, about eighty miles inside the Ethiopian frontier. The Emperor seemed to be particularly concerned

about the invasion from Ogaden, since it threatened Harrar, the Province over which he was Ras until his coronation in 1931. He immediately sent reinforcements to that quarter.

Adowa, the most important of Italy's immediate objectives, had to be taken at whatever cost, and quickly, to satisfy public opinion at home. Nevertheless, the Italian Commander-in-Chief, General de Bono, slowed down his advance upon discovering that the town was defended by a strong force under Ras Seyoum, which had a number of machine guns and field pieces. General de Bono made his lines of communication secure and waited for his artillery to come up. The Italian air force, however, was very active, making hundreds of reconnaissance and bombing flights over Adowa, Adigrat and the surrounding country.

Dessye, where the main Ethiopian Army was believed to be concentrating, was bombed by Italian planes on Oct. 5, and an aerial reconnaissance was reported to have been made over Haya Fetchie, only seventy miles from Addis Ababa. On the same day General Graziani's forces took Dolo, an Ethiopian town near the Somalian border.

No serious attempt was made by the Ethiopians to defend Adowa, and that place was taken by General de Bono on Oct. 6. Adigrat was also occupied the same day, though its capture had been prematurely announced. After establishing a new line in the hills south of Adowa and Adigrat the Italian commander set about the task of establishing a new base of operations at the former place. Work began at once on a large airfield and thousands of laborers were engaged in improving the roads between Adowa and the Eritrean frontier. On

the Somalian front the Italians occupied Gerlogubi on Oct. 6, and again bombed Gorahai.

The first five days of the undeclared war were marked by a steady but cautious Italian advance from Eritrea and Italian Somaliland against a defense that apparently amounted to little more than skirmish lines. No battles were fought and no fortified places were captured. Italian headquarters announced that few casualties had been suffered and since even the Italian official estimate of Ethiopian losses around Adowa was only 600 it is apparent that that place was surrendered according to plan. Haile Selassie minimized its capture and declared that no attempt had been made to hold the Italians at that place. In Italy, however, the taking of Adowa was hailed as a great victory that wiped out the disgrace suffered by General Baratieri's army in 1896.

Ethiopia had, of necessity, to fight defensively, and that could best be done by permitting the invaders to get well into the rugged country in the north and the deserts in the south where their lines of communications were likely to be long and vulnerable to attack by guerrilla bands. The Emperor, keenly aware of the odds against which he was contending, knew that he could scarcely hope to defeat the Italians in open battle or hold places against their artillery and bombs. He had to place his reliance very largely upon the disadvantages that the Italians would have to contend with in the way of terrain and climate.

Such was the situation as this magazine went to press a few days after the outbreak of hostilities. To what extent they would develop into large-scale warfare remained to be seen.

## Arab Fears of Italy

By ROBERT L. BAKER

NOWHERE has sympathy with Ethiopia in her struggle to escape conquest by Italy been keener than among the Arabs of the Near East. Knowing little and caring little about the danger to the peace of Europe involved in the dispute, about the preservation of the peace machinery or about the abstract injustice of conquest, the Arabs find in Italy's determination to expand a threat to their own safety. If Italy should succeed in seizing Ethiopia, might not her inflamed imperialism then turn to the neighboring Arab countries?

Various happenings in recent years have aroused a suspicion among the Arabs that Italy's ambitions boded them no good. The tale of Italy's treatment of Arab rebels in Tripoli has grown, with the passage of time, into the tale of a massacre, and is retold many times over in the native press of Egypt, Palestine, Syria and Iraq. The Italians are also accused of having desecrated the mosques in Tripoli. Mussolini's demand in the Spring of 1934 that Italy should seek economic and cultural expansion in Asia is recalled, as well as his cultivation of the Imam of Yemen before the latter's disastrous war with Ibn Saud. Arab leaders and newspapers are convinced that Ethiopia is bearing the brunt of their own fight against Italian imperialism, and they denounce Mussolini's carefully prepared attack on Ethiopia in terms that are strong and sometimes violent.

Italy has tried in various ways to overcome this antipathy. Propaganda centres have been established in Egypt and Syria. The one in Egypt

offers a free news service translated into Arabic, including photographs, to any newspaper in the country. A broadcast in Arabic is sent out daily from the powerful radio station at Bari to present Italy's case and to attack those of Ethiopia and Great Britain. The Emir Shakib Arslan, an Arab Nationalist leader living in Geneva, has been prevailed upon to issue statements and write articles favorable to Italy. But these measures have not had the desired effect. In Syria two newspapers attacked Italy so violently that they were suppressed by the French authorities. At Beirut and Damascus crowds assembled at the mosques to sign petitions to the High Commissioner and to the League of Nations demanding the suppression of the Italian propaganda offices. The only Arab newspaper in Palestine that has printed pro-Italian articles has been obliged to alter its tone.

The great Nationalist party in Egypt, the Wafd, is sympathetic with Ethiopia, but sees in the present situation an opportunity to forward its own interests. Nahas Pasha, its leader, declared on Sept. 8 that Egypt would take part in the present war only on the basis of full equality with Great Britain. He added that if the British were dominated by imperialistic motives, such an arrangement would not suit them; but "if they desire to reach an honest agreement, this is the best opportunity for it." Arab leaders elsewhere, including the Emir Abdullah of Trans-Jordan and King Ibn Saud, are reported to be willing without reservation to support Great Britain's efforts to thwart Italy.

# American Business Is Better

By CHARLES A. BEARD

THE old formula, "the business of America is business," was confirmed in the Autumn. After the adjournment of Congress, editors, politicians, economists, business leaders and statisticians began to take stock with renewed zeal. As usual, passion blurred vision. It was in the interest of New Deal sponsors to report positive gains in economic enterprise. It was in the interest of their opponents to show that things were not getting better or that, if they were, government interference with "the normal course" was preventing the immediate upswing to prosperity, perfection or whatever might be the summum bonum of correct hopes. That old game, played to different tunes for a hundred years, was played all through September, 1935.

Yet economists who collected and compiled the figures giving the indices of business had to record as a matter of hard fact a somewhat steady, if slow, upward climb in most major industries during the Summer and early Autumn. It was reported that the General Motors Corporation sold more cars in August, 1935, than in any August since 1929; that the sales of farm implements for the first half of the year were up 75 per cent; the sales of department stores, mail-order houses and chain stores were all up in dollar volume; and car loadings for the week ended Aug. 31 showed a gain of 5 per cent over 1934.

Luxuries and diversions, not excluding the Baer-Louis prizefight, indicated a freer flow of spending

money. Cigarette consumption for July, 1935, was the largest ever recorded, and even cigar consumption was up. Expenditures for Summer travel were the greatest since 1929—the year of vacation joy before gloom. Amusements reported "the best season since 1930."

Still more to the point of "public interest," as generally conceived in the United States, were profits. Standard Statistics Company, Inc., reported in September that machinery earnings for the first half of 1935 were 263 per cent greater than for the first half of 1934, and that the earnings of 394 major companies for the same period had risen 13.1 per cent. Steel ingot production was the biggest since 1930, but the heavy industries on the whole displayed no spectacular activities, despite the fact that sixteen building materials companies reported earnings higher by 135 per cent for the six months' period.

The findings of Standard Statistics were confirmed on Sept. 19 by a report made public by Secretary Roper from the Department of Commerce. Taking March, 1933, and June, 1935, as dates of comparison, Secretary Roper reported gains all along the line: Industrial production, 46 per cent; factory employment, 36; factory payrolls, 79; rural general store sales, 104; construction contracts, 157; automobile production, 213; prices of 421 leading stocks, 84; net profits of 413 leading corporations "greater than for any year since 1930." The Secretary also rejoiced that "recovery psychol-

ogy" had displaced "depression psychology." He affirmed positively: "We have now, according to reliable and acceptable economic evidence, passed the primary stages of a great cyclical upswing and entered into that phase which will determine the course and duration of that upswing."

An "optimistic tone" also accompanied the discussion of a new "truce" with business announced earlier in September by the publication of correspondence between Roy W. Howard of the Scripps-Howard newspapers and President Roosevelt. In his communication to the President, Mr. Howard declared that many business men who had once supported the New Deal were "now not merely hostile, they are frightened." They wanted some word of assurance. The President gave it. He assured Mr. Howard that his "basic program" has "now reached substantial completion and the 'breathing spell' of which you speak is here—very decidedly so." In the vernacular currency, the term "breathing spell" seemed to take the place of "the forgotten man." If Republican editors were skeptical, the administration press was whole-hearted in its reception of "the glad tidings." The stock market responded handsomely with an upward spurt of from 1 to 4 points, but the rush was not sustained. October opened with dull trading until news of the Italo-Ethiopian conflict sent securities down.

When the second breath was taken during the breathing spell several neglected items came to the surface. Social workers and relief workers once more reminded the country of the millions of unemployed on their rolls and inquired when the new prosperity would take them off the public lists. Left-Wing members of Congress, such as Thomas Amlie, referred to the same phenomenon, and wondered how the

New Deal program could be closed with the dole line extending across the continent. Technocrats and "abundance men" again asked about the possibilities of bringing production up to the output of 1928 or higher in the range of capacity. If these plaintive and minor strains could be ignored by responsible personalities, other facts could scarcely be avoided.

These other facts were in the same class as death and taxes. First among them was the realization that the chief features of President Roosevelt's "basic program," so happily completed, were to come before the Supreme Court at its October term—the tribunal which had so recently declared invalid the gold resolution for Federal securities, the NIRA, the Railway Pension Law, and other measures included in the New Deal. What would be the fate of the rest of the "basic program"? Uncertainty reigned despite the declaration of eminent lawyers, employed by the Liberty League, hinting that about everything in the New Deal was invalid.

It was then remembered that, whatever the Supreme Court did, the "breathing spell" would be filled with excitement. If it sustained laws against which business has been complaining bitterly, how could business be prosperous? If it invalidated the AAA, the Guffey-Snyder Coal Law, the Wagner-Connery Labor Law, and a few other elements in the "basic program," what would be the political effect? The peace of acquisition and enjoyment was not assured. Besides, important Congressional investigations were pending—into utilities, railways, munitions and other branches of American economy, and more legislation might grow out of the inquiries. In addition, it was known that some efforts might be made to put new flesh on the skeletonized NRA, still await-

ing its fate, notwithstanding the judicial ruling in the Schechter case.

Despite the indubitable signs of economic improvement clearly visible in the Autumn, the horizon was, in truth, not without clouds. Late in September Harry L. Hopkins, Works Progress Administrator, could report no material reduction in the millions of wage-earners unable to find employment in private industry. The very fact that President Roosevelt took Mr. Hopkins and Secretary Ickes, Public Works Administrator, to accompany him on his Western tour indicated that he too recognized the gravity of the situation. Earlier in the month the President had stated that owing to the improved efficiency of industry a return to the volume-production of 1929 would still leave 20 per cent of the 1929 man power unemployed. If the respectability of the country, freed from the spectre of disorder by Federal relief measures, was inclined to forget the millions on the dole or public payrolls, the administration could scarcely overlook them, at least safely. Nor was it inclined to do so.

The problem was one of methods. Could the administration wait for the slower and more substantial tactics of Secretary Ickes, who sought to project works of a fundamental character and to stimulate heavy industry, still laboring in the slough of despond? Or was it to follow the lines of Mr. Hopkins, eager to get millions off the relief roll and employed in light construction enterprises of more or less dubious economic utility? Confronted by this dilemma, President Roosevelt put the bulk of his weight on the side of Mr. Hopkins, without deserting Secretary Ickes entirely. This seemed to mean that it was the intention of the administration to give work of some kind to about 3,500,000 unem-

ployed during the Winter and Spring, in the hope that private business, enjoying its breathing spell, could take care of them later, in any case before the expiration of twelve months. If this was the correct view, then American business enterprise had a gigantic task immediately ahead, for it was apparent that unlimited Federal spending could not go on indefinitely.

#### THE CONSTITUTIONAL ISSUE

Rumblings of impending events were especially loud on Sept. 17—Constitution Day. As usual the innocents and the sophisticates took part in the celebration. Mayors, Governors and other politicians of all persuasions joined in praising the Ark of the Covenant. But especially conspicuous by their presence were Republican and Democratic lawyers and orators of the Right Wing. It was known to historians that Federalist politicians even took advantage of George Washington's funeral to extol their cause, and the expected happened on Sept. 17, 1935. The celebration of the signing of the Constitution was made the occasion for praising the Republican party and identifying it with the fundamental law of the land. Indeed so close and loud was the identification that more than one conservative editor was moved to remark that the thing had been a bit overdone.

The Liberty League performed automatically in its best style. A "Southern Committee to Uphold the Constitution," claiming 50,000 members, came out bravely against "tampering with the document." Former President Hoover praised the Constitution with special emphasis in a public address; he warned the country against dictatorships in the European style, and saw the "first sapping of safeguards" in the "abdication of its responsibili-

ties and powers by Congress to the Executive, the repudiation by the government of its obligations, the centralization of authority in the Federal Government at the expense of local government, the building up of huge bureaucracies, the coercion and intimidation of citizens." Clearly the Constitution was in mortal peril, and only the Republican party could save it. This was true to form.

More significant than lucubrations on the right was a single address on behalf of the administration by Daniel C. Roper, Secretary of Commerce. He added a new slogan to the "forgotten man" and the "breathing spell." It was "forward with the Constitution." Mr. Roper made two remarks more than cryptic. "The framers of the Constitution," he said, "could not envisage specifically the vast and complicated problems which changing conditions in our economic and social life have brought about." The principle was pointed as well as axiomatic. It savored of "the horse and buggy" comment on the decision of the Supreme Court in the NIRA case. Then Mr. Roper added, in language still more premonitory: "There is an unfounded un-American cry in our country today that even to think of changing the Constitution is heresy; yet the amendment clause of that document is the source of the people's greatest strength and the basic principle of democracy."

According to rumor among Washington reporters (which is often as authentic as printed news) Secretary Roper's speech represented the double-distilled wisdom of the Brain Trust and was approved by the President before delivery. Rumor also had it that the most conservative member of the Cabinet was chosen deliberately, to make the message more impressive in important places. Taken collectively,

these rumors and other speculations were interpreted to mean that the administration is expecting more setbacks in the Supreme Court, and that it is preparing to take the constitutional issue to the country in due course. All of which seems plausible enough.

During the same palpitating week fifty-eight eminent lawyers chosen by the Liberty League to consider the constitutionality of recent New Deal laws made a solemn pronouncement on the National Labor Relations Act. To no one's surprise the eminent lawyers found the act invalid on three grounds: It violates the due-process clause by depriving the individual worker of the right to bargain for himself; it deals with a subject reserved to the States; and it transgresses the interstate commerce clause of the Constitution. Unhappily for the perfect reception of the decision and opinion of the fifty-eight judges, a dissatisfied publisher printed a list of the eminent lawyers and the corporations from which they have had or now have retainers—which list suggested the story of the hand and voice of Esau and Jacob. The impressiveness of the new tribunal was somewhat shaken by this thrust.

Another incident also marred the reception of the extra-judicial opinion of the eminent counsel on the Labor Relations Act. In the course of the dénouement E. F. Reed, putative author of the brief in the case submitted to the public as jury, expressed a sentiment hitherto confined to chambers: "When a lawyer tells a client that a law is unconstitutional, then it is a nullity and he need no longer obey that law." To tender minds and consciences this was something of a shock; as one editor put it, "inciting the public to disobey the law." It had previously been supposed that a law must be ob-

served until, by proper judicial process, the government has been restrained from enforcing it on constitutional grounds, and that the mere *ipse dixit* of a lawyer did not free a client from the necessity of obedience. Yet this is a progressive age and a new type of jurisprudence may be emerging in the United States. If employers do not like laws they may hire lawyers to advise disobedience.

Yet it may be that there is to be no tampering with the Federal Constitution as interpreted by the fifty-eight lawyers, for on Constitution Day the voters of Pennsylvania defeated a proposal to revise the State Constitution—to "liberalize" the document of 1874. These proposed changes, sponsored by Governor Earle in the spirit of the New Deal, were vigorously opposed by the Republican regularity, including ex-Senator Joseph Grundy, head of the Pennsylvania Manufacturers Association. As interpreted by political observers, the contest had a national meaning and the defeat of the Governor's proposals was a warning to all who would lay profane hands on the Federal Constitution. Perhaps they were right.

The opening gun of the eminent lawyers bent on invalidating New Deal measures was fired in the Federal District Court at Baltimore late in September by John W. Davis, counsel for the Edison Electric Institute, successor in interest to the National Electric Light Association. In behalf of a client whom he had not met before the day in court, Mr. Davis intervened in proceedings touching the reorganization of a public-service corporation under the Federal Bankruptcy Law, and sought from the judge an opinion on the constitutionality of the Holding Companies Act.

In the course of his argument, Mr. Davis made a vitriolic attack on the

principal features of the measure. Counsel for the Federal Government filed protests. They alleged that the client whom Mr. Davis represented was a kind of "dummy," that the action was collusive in nature, that it was intended to tie the hands of the administration, that it was designed to get a mere "advisory" opinion against the act and free utilities from the necessity of complying with the preliminary requirements of the law, and that the Federal Government had not received sufficient notice to prepare for an immediate trial of issues. Notwithstanding efforts to keep the combat within the proprieties of the law, the proceedings revealed an animus on both sides that obviously transcended the case in hand. If these tactics were to be pursued in other cases all the way up to the Supreme Court, then the conduct of counsel and judges in the income-tax case of 1895 will seem mild and sweet-spirited in comparison. As Justice Holmes was wont to say, it may be quiet in the court chamber but echoes will be heard from afar.

#### THE PRESIDENT ON TOUR

That President Roosevelt recognized the strategy of the situation thus presented was revealed in the planning and execution of his tour to the Pacific Coast. He declined an invitation to address the convention of the American Legion at St. Louis, whose declarations of faith and action were foregone—immediate payment of the bonus, withdrawal of recognition from Russia and a "drive on the Reds in the schools." Powerful as the Legion might be in the lobbies of Congress, it was not more powerful than the constituency upon which the President had to rely. So he opened his campaign on Sept. 28 at Fremont, Nebraska, in the heart of

the farm belt, with an address summarizing just what the New Deal had done for farmers.

It was a telling enumeration which struck a responsive chord in the hearts of farmers with AAA checks in their pockets. The government, he said, had supplied the unifying element essential to success in agriculture, and he added presciently: "That, it seems to me, is the true function of government under our Constitution—to promote the general welfare, not by interfering unduly with individual liberties, but by bringing to the aid of the individual those powers of government which are essential to assure the continuance of the inalienable rights which the Constitution is intended to guarantee." Even Senator Capper, Republican leader in Kansas, was moved to say on the same day that the Democratic farm program was a "godsend to farmers." After that, could farmers believe that AAA was unconstitutional? And suppose that the Supreme Court declares it unconstitutional?

In later addresses on his Western tour President Roosevelt chose his topics with care. At Boulder Dam he had an occasion to expound his "power principles." That great public work, involving the economy of at least seven States, had been started by President Hoover, under an act of Congress, as a Federal enterprise limited mainly to supplying water and electric power at low rates to State and municipal bodies. Reflecting the spirit of a movement long under way, President Roosevelt emphasized the beneficence and utility of such government undertakings and referred once more to his "yardstick" for measuring rates.

At Los Angeles, on Oct. 1, where he was greeted by a tremendous throng, the President laid stress on

"social justice," the necessity of caring for the hungry and unfortunate, and called for a united front of all "progressive liberals," despite their tendencies to choose diverse roads to a common goal. In a county which had nearly 500,000 people on public relief rolls of one kind or another, where Senator McAdoo's "regular Democrats" had to make concessions to the followers of Upton Sinclair, the tone of the Presidential appeal displayed more than the customary felicity.

At San Diego came the climax on Oct. 2. In his address on that day President Roosevelt swiftly summed up and defended the principles and measures of his administration. Admitting mistakes and failure to find solution for many problems, he contended that the necessities of the time and of the state of the country now justified the soundness of the general course which the administration had pursued. In spirit and letter he sought to rise above mere partisanship. In closing he referred to the war crisis in Europe and pledged himself and the country to the avoidance of war entanglements. Yet in so doing he declared that the American people could not be indifferent to violations of liberty of conscience, religious freedom and equality before the law "beyond our jurisdiction." While repudiating imperialism and promising to keep America "unentangled and free," the President was mindful of the inner nature of the frightful struggle raging in Europe. After his address the President went aboard the cruiser Houston and witnessed a sham battle of 130 vessels.

On Sept. 29 as President Roosevelt was speeding westward to meet his speaking engagement at Boulder Dam, the Budget Bureau in Washington released the supplementary financial statement promised in the budget

message of last January. In form, figures and contentions it was well timed to meet the growing apprehension in the country over mounting expenditures and debts. The supplementary statement emphasized four points. Federal tax receipts have been going up rapidly, and it is now estimated that receipts for the current fiscal year will be more than \$478,000,000 in excess of the amount estimated in the January budget document. Expenditures have been lower than estimated, so that the estimated deficit for 1936 will be cut by \$1,200,000,000 in round numbers, assuming a continuance of trends. The deficit for the current year is due entirely to expenditures for relief and recovery. Owing to the improvement in business conditions and revenue receipts, refinancing at lower interest rates, returns to RFC and other Federal agencies on account of capital outlays, gold profits and other developments, President Roosevelt assured the country that no new taxes or permanent increases in tax rates would be necessary to cope with the nation's expenditures, debt charges and amortization.

Only by remote implication did the President indicate the existence of Federal assets offsetting increases in national debt. It seems strange that this feature of Federal finances has received so little attention. To be sure, citizens who stop to read between the lines can see that in Federal loans to States and localities, to industries, railways and other private enterprises, and Federal expenditures for Boulder Dam and other improvements, the Federal Government has created enormous assets over against the debt, even allowing for defaults on its loans, and defeated expectations. But the Government of the United States has never had and does not now have a

capital balance sheet giving liabilities and assets.

#### FINANCE AND GOVERNMENT

In the sphere of Federal administration there was some turnover in high places and new agencies were placed in operation. Joseph P. Kennedy resigned as chairman of the Securities Exchange Commission and was succeeded by James M. Landis, who promised "no change in policy." Franklin C. Hoyt was appointed head of the Federal Alcohol Control Administration in place of Joseph H. Choate, who tendered his resignation in August. On Oct. 1 was formally organized the Social Security Board, composed of John G. Winant of New Hampshire, A. J. Altmeyer of Wisconsin and Vincent Miles of Arkansas. Under the Guffey Coal Act President Roosevelt selected the members of the Bituminous Coal Commission and the Bituminous Coal Labor Board. Thus the "little NRA" for that industry was duly established, in time to assist in heading off a general coal strike.

For the purpose of coordinating the various housing activities fostered by the Federal Government the President set up a clearing committee, perhaps as a preliminary to a permanent body in charge of merging all housing projects and undertakings. By a ruling of the Controller General, the AAA was relieved, for lack of funds, from enforcing the potato control provision imposed upon it by a combination of Republicans and Democrats in the last session of Congress. As AAA had been opposed to this provision from the beginning, the administrative relief also meant intellectual relief. While Donald Richberg, now retired, publicly confessed himself to have been in error about the utility of NIRA, Secretary Ickes reported the spread of price-cutting anarchy in the oil industry,

and Socony-Vacuum paid a reduced dividend.

In compliance with the Neutrality Act, the Munitions Control Board was set up in the State Department. On the basis of its findings, President Roosevelt on Sept. 25 issued a proclamation establishing six categories of arms, ammunition and implements of war, thus laying the groundwork for the registration of manufactures coming within the terms of the act. In enumerating the devices falling within the several categories, the President adhered rather closely to munitions in a strict sense, postponing the consideration of difficult materials which might be deemed munitions under a broad interpretation of the law. Two days later the President announced a pledge to maintain the proportionate strength of the United States Navy, under treaty if possible, but under all circumstances.

#### HUEY LONG'S LEGACY

Amid the intense preoccupation with business and politics, attention centred for a fleeting moment on the settlement of the late Senator Huey Long's bequest to posterity. Like previous political dictators, from Oliver Cromwell through Napoleon I to Diaz of Mexico, Senator Long left no single successor competent to carry on in his particular style. Thus was illustrated once more the old principle of history that every personality and event is unique. Yet the Long political machine in Louisiana did not dissolve with the death of the Senator, despite bitter contests in the inner circle. At the end of September came reports of an "adjustment." According to forecasts, Governor Oscar K. Allen was to appoint Wade O. Martin, a Long lieutenant, to fill out the Senator's unexpired term at Washington, and Mr. Martin was to select the Rev. Gerald Smith,

national organizer of the Share-Our-Wealth Society, as his secretary.

By such an arrangement it was expected that the Rev. Mr. Smith would write speeches for Mr. Martin and use the government frank to send them broadcast over the country. In this way, it was thought, Senator Long's work as a national leader and agitator could be continued, for it was well known that the Rev. Mr. Smith is a writer and speaker of singular and undoubted powers, though handicapped by a lack of capacity for limelight, fistcuffs and money raising.

While the dramatics of the national appeal were left to Mr. Martin and the Rev. Mr. Smith, the Louisiana spoils which fell from Senator Long's hands were apportioned among his former associates of more limited ambitions. General direction remained in the hands of Robert S. Maestri, State Conservation Commissioner. Under his management a composition of local interests in the Long camp was perfected, apparently, early in October. Meanwhile, opponents of Senator Long's system, including elements of the old State machine, drew together in the hope of dissolving the Senator's estate, and recovering control of the Louisiana Government with judicious and abundant aid from the fountain of the best hope—Postmaster General Farley in Washington as distributor of Federal patronage.

Inevitably the death of Senator Long and the dissensions among his successors in interest brought about a country-wide discussion of the outcome for national politics. Although there were good reasons for believing that the influence of Mr. Long had declined since the opening of the year, he still had, at the time of his death, a large following in the Southwest among share-croppers, field hands and the underprivileged generally, and he

had the ears of a larger public. As a dynamic and intrepid foe of President Roosevelt he could have made trouble for him in regions to which the President must look for support in 1936. Republican strategists had counted on this diversion to increase their chances of success. But, with the Senator removed from the political scene and Father Coughlin far less vocal, if not silent, with the La Follettes in Wisconsin awaiting 1940, President Roosevelt could expect a less serious division of forces in the South and West upon which his fortunes depended, especially after the evident defection in the industrial East. So his assurance was fortified; and it was scarcely shaken by the passionate efforts of William Randolph Hearst to rally his readers around the Republican party, with Governor Alfred M. Landon of Kansas as the best prospect for saving the country from "socialism" and "dishonor."

#### AMERICAN BACKGROUND

In the domain of culture, apart from politics and economics, no unusual events characterized the season unless the publication of highly praised novels be reckoned as such. Frank Kent, Mark Sullivan, Walter Lippmann and General Hugh S. Johnson continued their syndicated articles with their customary zeal and animus. Mr. Kent and Mr. Sullivan, with obvious delight, commented pointedly on the shortcomings of the New Deal, without venturing too far in any constructive direction. Mr. Lippmann, having warned the President that the emergency is over, called for a return of

quasi-dictatorial powers to the people, apparently in the expectation of full normalcy soon. While vowing his fidelity to the cause, General Johnson laid about more vigorously than had been his wont; he openly declared the work-relief program a failure and priming the pump a delusion. To all appearances his heart was still in the Blue Eagle, now an almost forgotten bird. Critics in the field of the arts and humane letters kept up the old battle over the well-worn issue: What relation, if any, have arts and letters to the social and economic milieu in which they function? No settlement was reported. After the untimely death of Will Rogers no humorist illuminated the whole scene; indeed, that feat had already transcended the powers of Mr. Rogers himself.

Judging by the publicity, the size of the crowds that gathered around village radios, the special trains and conversation in all kinds of places, the chief cultural inspiration of the month was the prizefight in which the "Battling Black Bomber," Joe Louis, knocked out Max Baer in short order. Gate receipts were estimated at nearly \$1,000,000 and outlays for previous and subsequent celebrations at about \$4,000,000—a harbinger of normalcy. Taken in connection with State reports on legalized betting, this event showed that "the down-trodden middle classes and proletariat of America" have millions for diversion. At least it could be said that the deficit of the Federal Government was not increased by the necessity of furnishing free gladiatorial combats.

# Canada's Five-Party Campaign

By J. BARTLET BREBNER

ON the eve of the Canadian general election of Oct. 14 political observers were thoroughly bewildered by the complexities of the situation. For two years a succession of Liberal victories in the Provincial elections had forecast overwhelming Conservative defeat in the next Dominion contest. Prime Minister Bennett had faced public criticism and such serious dissension in his Cabinet that he had been forced to expel his most popular Minister, H. H. Stevens, only to have him found the rival Reconstruction Party. The Socialists of the Cooperative Commonwealth Federation had shown few signs of winning the electorate. As a result the Liberals had been so confident that their astute leader, W. L. Mackenzie King, restrained them from pronouncements much more explicit than the generalizations of nineteenth century liberalism.

The shocks to this complacency were, in order of effectiveness, as follows: The victory for Social Credit in Alberta at the end of August and its subsequent rapid spread into other Provinces; Mr. Bennett's self-assurance, his shrewd prodding of the Liberals and his sweeping promises to the voters; and a ground swell of hastily organized support for Mr. Stevens's plans to reconstruct Canadian capitalism. These things did not make Mr. King much more communicative, but they disturbed other defenders of the present scheme of things sufficiently to set them considering the chances for a Liberal-Conservative coalition

against the three parties of the Left.

The conquest of Alberta by Social Credit and its appeal to distressed men in neighboring Provinces impressed Mr. King and Mr. Stevens so much that both made friendly, if ineffectual, gestures toward the movement. Many C. C. F. members had favored Social Credit before Mr. Aberhart was heard of, but their carefully thought out creed was in grave danger of being eclipsed in the West by the gaudy, if vague, hopes of the new believers in the Alberta evangelist. Mr. Bennett lent Aberhart \$2,250,000 from the Dominion Treasury to assist the Province's finances until after the general election and promised Social Credit its chance, but he was in general more outspoken in his doubts of its success than were other leaders.

The Social Credit party overrode the expressed intention of its leader by putting up a candidate in Mr. Bennett's own constituency. They also opposed Mr. King. In fact, because of them the West, up to the beginning of October, had secured more attention from the politicians than had the rest of Canada. There was no possibility of either Social Credit or the C. C. F. winning a majority in the election, but the former particularly had put the Western quarter of the nation's constituencies in grave doubt.

Aberhart had no record to quote, but his \$25 a month dividend appealed mightily in regions where money had been very scarce, and the decent, if minor, reputations of his candidates helped him greatly. For the second

time in two months he asked electoral support largely as an act of faith. He told *The New York Times* that he thought 75 per cent of his followers "don't expect any dividend but hope for a just and honest government," and assured a Toronto audience that he had "no intention of rushing into these proposals and afterward finding that they will not work."

Premier Bennett startled his opponents by the vigor of his campaign. Consciously or not, the underlying assumption of his speeches was that Canadians wanted to be governed and governed well, as only he could govern them. The Conservative party seldom shared the spotlight with him, nor was he ever in the least apologetic. He seemed sincerely unconscious both of the inconsistencies of his course since 1932, and of the unquestionable validity of some of his past performances and present promises. His greatest advantage was Mr. King's timidity in grappling with him on any save minor or very general issues. Bennett seemed to sense King's fear of committing himself, for he defended his record with great gusto and bland assurance. His paternalism was a daring gamble on the voters' longing for a leader, and preference for Bennett over others. He went out of his way to be kind to Mr. King and the Liberals so that if necessary the two old parties could form a coalition against the radical malcontents.

As the campaign went on, Mr. Bennett managed to pull one glittering promise after another from his pack. He would reduce unemployment by pensioning all workers at 60. He would tackle the burden of debt by setting up a loan council to arrange for the voluntary reduction of interest on national, railroad and Provincial debt. There would be no more tax-free bonds. He wanted the semi-

private Bank of Canada to be given a trial, particularly in regulating and, if necessary, expanding the controlled inflation which began when Canada went off the gold standard. Taxation must progress in the direction already initiated in order to distribute more equitably the national burdens and benefits. The railroad problem and national fuel policy he consigned to the National Economic Council, whose creation was authorized at the last session of Parliament. The urban property owner was promised assistance in refinancing his mortgage, while the farmer was offered fixed minimum prices for other products as well as for wheat, with lower prices for machinery, tractors and cheap cars.

He was bold enough in defending his high tariff policy to cite the Canadian-Japanese trade war as an example, even though Canada last year exported three times as much to Japan as she imported from her. Mr. King seized upon that without shaking Bennett's belief in protecting the Canadian standard of living against Oriental competition. He positively exulted in the reputation he had made since 1930 as an abrupt wielder of the tariff weapon and as a hard bargainer during bilateral adjustments. This raised the question of a treaty with the United States. He referred to the enormous difficulty of paying for goods, capital and interest when the United States would not admit Canadian goods in return. "The United States cannot eat the Canadian cake and have it," he said.

In the West Mr. Bennett had two specific tasks: To meet the resentment over the harsh repression of the marches of men from the labor camps, and to defend his grain policy. He met his radical hecklers by defying and outdoing them in verbal ex-

changes and by refusing any recession from his ideas on sedition. His grain problem was almost completely solved by the effects of world wheat shortage and of war in raising prices well above the minimum set by the Wheat Board. He was sufficiently encouraged to indicate that if the middlemen gave any trouble he would invoke the power to make the board the only legal purchaser of Western grain.

Mr. Stevens's impact on the situation was, like Mr. Aberhart's, important only as increasing the likelihood of a deadlock among five parties. His Reconstruction party managed to get out a handbook and rallied candidates for promising constituencies across the Dominion, but it lacked both the professional organization of the old parties and the enthusiastic solidarity of Social Credit. Yet Stevens himself, with his record of having almost single-handed provoked the Conservative "New Deal" by the Price Spreads Commission which he fathered, undoubtedly appealed to voters who weighed performance against promise.

He had done something to expose and remedy the inequities of the Canadian economic set-up and he pledged himself to do more. His candidates were sincere and well-informed, if not as electrifying as he, and they followed him devotedly in emphasizing the necessity for State regulation of quasi-monopolistic economic enterprise. They were friendly to monetary reform to provide more currency and credit and very critical of the Canadian private banks. They supported State housing as a remedy for unemployment. Because of their improvised organization no one ventured to predict how much power they would wield in the new Parliament.

Even Mr. King's most devoted followers found it hard to be entusias-

tic about his canny policy of saying as little as possible while waiting for the voters to "put the rascals out." They had to admit that probably he and his skillful workers in the constituencies were right in expecting victory, but it was an uneasy business to look on quietly at the stew of parties in the West, Mr. Bennett's garland of confident promises and Mr. Stevens's evangelistic appeal to small business men and humanitarian ex-Conservatives. Every day seemed to increase the possibility that the Liberals might not win their expected majority. Old hands recalled the difficult years after 1921 when Mr. King governed on the sufferance of Western Progressives.

The Liberals attacked Bennett's "dictatorship," the tyranny over the individual of such economic controls as the marketing boards, and the arbitrary apparatus of super-tariff charges which had been enforced by orders-in-council. They offered the traditional Liberal platform of democracy, liberty of the subject, low tariffs and as little interference with economic enterprise as possible. They would, however, completely nationalize the Bank of Canada.

In particular, Mr. King struggled hard to avoid being smoked out by Bennett on the tariff question. He hoped to win the election in the many constituencies of protectionist, industrial Quebec and Ontario, which a few months before had been his for the asking. He felt forced, therefore, to explain that he would lower tariffs very gradually. Ontario and Quebec, remembering past high Liberal tariffs, were not greatly worried.

King goaded Bennett for failing to secure a trade treaty from the Roosevelt administration, saying that he himself could secure one within a year of being elected. In general, however, Mr. King's speeches were long and

vague, so that if elected he would have almost a free hand. Some of the younger Liberals in whom so much hope had been reposed were taking part in the campaign, but with the exception of the vivid Ian MacKenzie of British Columbia they were almost as cautious as their leader in approaching the basic problems of Canada.

The C. C. F. spokesmen were frank to acknowledge that they had not succeeded in educating the Western voters thoroughly enough. They had not converted their farm membership to a working compromise with the Marxism of their urban, industrial supporters. Mr. Woodsworth quite correctly lumped Conservatives, Liberals and Reconstructionists together as mere patchers of the existing order when compared with himself as a planner of a "new social order."

The C. C. F. faced a real struggle for political survival, though with the confidence that whatever happened at this election nothing basic would be solved nor could be except along sound Socialist lines. Mr. Woodsworth boiled down his platform to five planks: National social insurance with guaranteed minimum wages and minimum farm income; the complete socialization of finance; socially useful public works, such as housing, to solve unemployment; amendment of the Constitution to increase Federal powers to cope with national social and economic needs; and resolute maintenance of international peace. He and his followers were sure that Canada must eventually call upon them for a comprehensive reconstruction of society.

#### TRADE TREATY NEGOTIATIONS

Washington and Ottawa released on Sept. 8 the correspondence on the trade agreement which has been under discussion between the two countries

since before President Roosevelt's inauguration. It consisted of a remarkable statement of Canada's case and offer over Minister W. D. Herridge's signature, and a neat refusal of the basic Canadian principle by Secretary Hull. No comment accompanied the documents.

#### THE TRADE REVIVAL

Canada's economic relapse during June was entirely overcome in July and partial statistics for August indicated a notable expansion in the whole economy. Exports were 28 per cent and imports 14 per cent greater than in August, 1934. While wood products and non-ferrous metals had their influence, probably the principal factor was the rise in wheat prices, and still more the steady expansion in wheat exports to the point in September when they passed those of 1934.

This circumstance focused attention on the new Wheat Board. On Sept. 5 the Prime Minister announced that the Cabinet had approved the board's payment of a minimum of 87½ cents a bushel for No. 1 Northern, Fort William. Subsequently the board released figures for other grains and deliveries which in their adjustment of Vancouver prices to Fort William, and of durum and garnet wheats to Northern, showed that the coming election had influenced the politicians and embarrassed the board. Much of the 200,000,000-bushel carryover is of the special Canadian garnet and Reward varieties, which are disliked by British millers and are too recent an innovation to be generally welcomed elsewhere. The board might well have been in an awkward position in the face of pressure from the farmers, the government and the open market had it not been for the world shortage and the war demand which carried the basic price close to \$1 a bushel.

# Calm Settles Over Brazil

By HUBERT HERRING

BRAZIL has suffered all the ills incident to the depression years, with some others thrown in for good measure. Politically, she has had a revolution, a mild dictatorship and a new Constitution. Economically, she has depended too heavily upon coffee, a product in which there was and is world overproduction with ruinously low prices; her currency has depreciated in the international exchange market and she has had a series of badly unbalanced budgets. Socially, there has been an increasing tension between racial groups. These ills have all been augmented by Brazil's vast area and by her serious lack of adequate communications.

Reports in recent months justify a happier interpretation of Brazil's affairs. Politically, Brazil is settling down to something like constitutional procedure. The Constitution of 1934, at first widely attacked, is being regarded more favorably. An increasingly stable political situation has been developing in the principal States. No longer are such States as Pernambuco, Bahia, the Federal District, Sao Paulo, Minas Geraes and Rio Grande do Sul ruled by *Interventores*, acting as deputy sheriffs of the Federal Government. Now they have executives of their own, elected in accordance with constitutional provisions.

Economically, the reports for the first half of 1935 are mixed. The figures on coffee exports were not encouraging. Continued low prices and lessened demand brought the milreis value of the coffee exported during

the first six months of 1935 down to 985,409,000, the lowest in many years. This meant the export of 6,888,951 bags for the first half of 1935, as against 7,626,417 in the same period of 1934, and 9,590,735 in the same period of 1931. However, the Brazilians are philosophical about the decline of coffee as their chief economic reliance and are looking elsewhere for salvation. Cotton is now the magic word in Brazil. Exports of cotton for the first half of 1935 were 70,751 metric tons, as against 40,137 metric tons in the same period of 1934, and only 864 metric tons in the same period of 1933. These are some of the markers in Brazil's swiftly changing economy. Two years ago coffee constituted 80 per cent of Brazil's total exports, and cotton hardly figured at all. Today, coffee yields a little over half of Brazil's export wealth, and cotton has increased to a point where, in money value, it brings in one-third of the figure for coffee.

Industries are thriving. Brazilians are confident that within ten years they will be making most of the goods they are now importing. This confidence, whether well founded or not, explains the violent opposition in Brazil to the reciprocal trade agreement with the United States which was signed by the American State Department last January. (See CURRENT HISTORY for March, 1935.) This treaty was before the Brazilian Congress in September. It was supported by the agricultural interests which stand to gain under the favored treatment as-

sured coffee, cocoa and other raw materials; it was fought by the newly powerful industrial interests of the South, which demand tariff protection for their products. It was finally approved by the lower house on Sept. 12, but the Brazilian Senate had not yet ratified it on Oct. 1.

The improvement in the economic status of Brazil for the first half of 1935 was entirely in terms of milreis value and in quantity of exports; translated into terms of international exchange there was a sharp loss in that period as against the first half of 1934. The figures of exports in dollar terms were \$130,745,000 in 1935 as against \$134,967,000 for the same period of 1934. This shortage of foreign exchange was thought in September to threaten a suspension of the partial payments which Brazil has been making on her foreign debts.

Italy's Ethiopian venture had repercussions in Brazil. With the prospect of war, there came a call for Italians to return to Italy for military service. Brazil at first showed an inclination to block this recruiting of its Italian colonists. On Sept. 21, however, a detachment of Italian volunteers sailed from Santos without interference from Brazilian officials. On the same day Italian agents bought 150,000 bags of coffee in Santos, and some connection between the two events is indicated.

#### ARGENTINE POLITICAL ISSUES

The shots fired in the Argentine Senate on July 23 brought to a head the deep-rooted animosities between the National Democrats, the party in power, and the loose coalition of Radicals, Socialists and Progressive Democrats. Public opinion blamed an inner group of the administration party for the disturbance.

Argentine Radicals, Socialists and

Progressive Democrats, in spite of major differences, have one thing in common—a determination to protect constitutional government. Their revolt against the high-handed tactics of the Justo administration gathered force during August and September. They accused President Justo and his aides of riding rough-shod over constitutional guarantees. Their chief grievance was the effort of the administration to force through a measure which would postpone the national elections from November to the second Sunday in March. The reasons for the administration's move were clear. Elections in the Province of Buenos Aires occur also in November, and these are expected to go against the administration. The Liberals predominate in that Province when fair elections are held. The administration wished, therefore, to postpone the general elections in order to allow a breathing spell after the Buenos Aires elections in which to revive its prestige by arranging victories in other Provinces. Moreover, the administration was making desperate attempts to control the Buenos Aires elections.

The bill to postpone the general elections came before the Argentine Congress on Sept. 24. Socialist and Progressive Democratic Deputies, although in the building, refused to enter the Chamber, hoping to prevent there being a quorum. The administration forces ordered their arrest and had them brought in by the police. The necessary quorum was secured and the bill was finally passed by the lower house on Sept. 25. In the Senate, however, the Socialists managed to block the bill.

This episode and the wave of protest from the Argentine press are evidence of Argentina's enthusiasm for constitutional government. The Justo administration is quite unrepresenta-

tive of the temper of Argentina, and signs multiply that its high-handed manipulation of elections, its coercion of the Congress and its attempts to limit the constitutional liberties of the press will meet with effective resistance. Argentina boasts of a press the character and ability of which is unique in South America, and this press is performing yeoman service in the present crisis.

#### THE CHACO PEACE CONGRESS

The deadlock in the Chaco peace negotiations in Buenos Aires continued during September. The delegations of Bolivia and Paraguay both suffered from the usual disabilities of politicians. Their decisions, demands and concessions were dictated not by the realities of the situation, but by domestic political necessities.

A possible means of settlement appeared in the announcement on Sept. 11 that the two commanding generals of the Chaco conflict might take the negotiations out of the hands of the peace delegations, arrange peace terms between themselves and force these terms upon their respective governments under threat of military revolt. This novel but quite Latin-American arrangement between General Enrique Penaranda del Castillo of Bolivia and General José Felix Estigarribia brought some measure of hope to a situation conceded to be hopeless. Under their plan, the delegations would be ordered to sign any agreement reached by the generals.

The announcement of this plan was quite unofficial, but seemed based upon accurate information. Subsequent events bore out its authenticity. Most of the members of the rival delegations at Buenos Aires were recalled. The two generals were reported to have held at least two conferences during September. Both declared that

they would brook no interference by the politicians. It was reported, and seemingly upon good authority, that the generals were much less intransigent than the delegations. Bolivia's demand for a port on the Paraguay River proved less of a stumbling block to the two generals. It was reported that General Penaranda would not insist upon a port provided other compensation, not yet revealed, were offered. This attitude of the Bolivian general was regarded as responsible for considerable ill feeling between him and the Provisional President of Bolivia, Tejeda Sorzano.

Other news was less heartening. Dispatches from Asuncion announced the mobilization of five classes of reserves for the establishment of a peace-time army. Coming hard upon the demobilization of Paraguayan and Bolivian forces, this action of Paraguay appeared to threaten the efforts for peace.

#### LETICIA PEACE.

The protocol of friendship and co-operation between Colombia and Peru, signed at Rio de Janeiro in May, 1934, was finally ratified by the lower house of the Colombian Congress on Sept. 18. This marks the official end of the Leticia dispute, and the victory of the conciliatory policy of President Alfonso Lopez over his small but active bloc of diehards.

On Sept. 13 Secretary of State Cordell Hull and the Colombian Minister to the United States, Miguel Lopez Pumarejo, signed a reciprocal trade agreement, based upon most-favored-nation treatment. The terms were not published, but included substantial concessions to Colombia on the exportation of its raw materials to the United States and corresponding concessions to the manufacturers of the United States. This treaty must now

be approved by the Colombian Congress, ratified by President Lopez, and approved and proclaimed by President Roosevelt.

#### ECUADOREAN POLITICS

Antonio Pons assumed the Presidency of Ecuador on Aug. 20. A month later, on Sept. 27, he called in the military chiefs and announced his resignation. These chiefs proceeded to appoint Federico Paez, late Minister of Public Works, as dictator. The first reports from Guayaquil and Quito indicated that Paez was received with more enthusiasm than was accorded Pons. Presumably under orders from the army, President Paez demanded the speedy calling of a constitutional assembly to which should be committed the task of making reforms for the purpose of putting an end to the fitful removal of Presidents by Congress, which has been common practice in recent years. He made it clear that he would then yield his dictatorial power, and that under no circumstances would he be a candidate for the Presidency.

#### FIRM RULE IN MEXICO

Mexican problems are being firmly handled by President Lazaro Cardenas, whose hold upon the nation seems to be growing definitely stronger. On the important church issue he promulgated a law on Sept. 4 declaring all churches and all buildings used for public worship since May 1, 1917, the property of the nation. This law applies to residences of bishops and priests, church schools, properties of corporations or institutions of any religious character and properties considered as destined for religious purposes. While this legislation technically indicated a tightening of lines in the church-State quarrel, there appeared in prac-

tice a marked tendency to ease the enforcement of the church laws throughout Mexico. Reports from Jalisco and other Catholic strongholds during September strengthened the impression that the government, while not retreating from the letter of the law, is disposed to permit wide latitude in its enforcement. As a result, the unrest in clerical circles abated.

In politics Cardenas held a firm grip on the Mexican Congress. The Senators and Deputies voted themselves a bonus of 5,000 pesos (about \$1,400) each. This act was vetoed by Cardenas on Sept. 4. On Sept. 12 a minority bloc in Congress started gunplay, in which two were killed and several wounded. This bloc was strongly opposed to Cardenas and their hostility was directed not only at the veto of the bonus but at the President himself. As a result of the incident the minority bloc was expelled from Congress and a rule against carrying arms in Congress was enforced.

The affairs of the National University of Mexico reached a crisis on Sept. 11 when the University Council voted to close the institution for an indefinite period. Its funds were depleted and the student body was torn by economic and political differences. At the same time the council petitioned President Cardenas for larger government support and entire freedom of instruction. The President countered by making it clear that he believed the university was needed as an integral unit of the national socialist educational system, and that as such it would have larger financial aid, but that it must be brought under the control of the nation. On Sept. 26 the university reopened its door under the presidency of Luis Chico Goerne—a compromise appointment seemingly approved by both Left and Right wings of student opinion.

# Britain Debates League Policy

By RALPH THOMPSON

IT will be interesting to discover, once the next British general election takes place, what was the effect of the National government's firm stand at Geneva. It may be that when Sir Samuel Hoare on Sept. 11 declared to the League of Nations Assembly that his country would uphold the Covenant with all the means at its command he quite simply and deftly gave the Opposition at home a knock-out blow. No more could Liberals and Laborites cry that a Tory-dominated government was playing the old imperialistic game; here was proof that Prime Minister Baldwin's Cabinet was following a humane and unselfish foreign policy, standing by the oppressed, opposing the greedy. The chorus of praise which resounded throughout Britain promised well for the government's electoral success.

Even before Sir Samuel made his speech, this praise began to accumulate. When the Trades Union Congress departed from Margate and its annual meeting early in September, it had approved by a vote of 2,962,000 to 177,000 the policy of employing sanctions against Italy. Meeting at Brighton on Oct. 2 the Labor Party Congress likewise approved, by an even larger majority. David Lloyd George, speaking at Plymouth on Sept. 12, commented favorably upon the "out-spoken, straightforward and adroit" stand the National government had taken. The annual conference of the Conservative party, held at Bournemouth on Oct. 3 and 4, went on record as supporting the government's ambi-

tion "to carry out with loyalty and effect British international obligations," and at a dinner in honor of Sir Herbert Samuel, held on Oct. 3, the Liberal party also registered its approval.

There were dissenting voices, of course, from isolationists of the Rothermere-Beaverbrook school, and in supporting the general position of the government Conservatives did not fail to add that defense forces should be immediately and enormously increased—a point of view at variance with that of many others. So strongly were sanctions opposed by certain Laborites that the party suffered its most serious loss in years when three of its leaders resigned their posts in protest.

Sir Stafford Cripps, one of the most advanced of Labor members, announced on Sept. 18 that he had given up his place on the party executive. "How are the imperialistic people who seized the Transvaal in 1900 to reply to Mussolini?" he asked. "Britain is using the League to stabilize territorial adjustments brought about by the criminal treaty of Versailles." About the same time Lord Ponsonby resigned his post as Labor leader in the House of Lords because he refused to approve Britain's promises to restrain an aggressor nation when it was uncertain that the other members of the League would lend their aid. George Lansbury, party leader in the House of Commons, also offered to resign on the ground that he believed that war under any and all circum-

stances was wrong, and on Oct. 8 gave up his post.

This series of defections seemed to indicate that Herbert Morrison, leader of the London County Council and frequently mentioned as the next Labor Prime Minister, had consolidated his position at the head of a rather timorous party. Yet even he declared on Sept. 18 that Labor had given no blank check to the government; its whole purpose had been to uphold the League; it was "not interested in the struggles of rival imperialists and would not be drawn into them." The general election will show whether the electorate believes there is any difference between upholding the League and upholding British imperialism.

#### RESTLESS INDIA

With the Government of India Act signed, sealed and placed upon the statute book early in August, the British Raj had next to face the task of putting it into operation. No one could be quite sure when that would begin; some said not before 1937. Certain problems left unsettled by the Act itself had still to be considered; for example, with India and Burma about to be separated, a trade and immigration agreement between the two had to be drafted. This was finally drawn up and published as a White Paper on Aug. 29. Shortly afterward Sir Otto Niemeyer of the Bank of England was appointed to begin the special financial inquiry which must be made before Provincial autonomy can be introduced, and a committee of two Englishmen and one Indian was named to recommend procedure for the establishment of a new Government of India Secretariat.

There remained to plague the British, however, the question of whether Indian Nationalists would consent to

enter the new Provincial Legislatures. Ample evidence that hostile Nationalist sentiment had not been stilled was furnished when, during the first days of the Legislative Assembly, convened at Simla on Sept. 2, Moslem Independents joined hands with the main Opposition, the Congress party and the Congress Nationalists, to assert their dislike of official methods. The particular occasion was the introduction of a bill to extend certain provisions of the Criminal Law (Amendment) Act of 1932, by which the government would be confirmed in its powers to deal with subversive activities and to control the press.

In defending its position the government pointed out that Bengal terrorism remained a living movement, that communal tension was everywhere acute and that communism was a growing force. But after six days' debate the bill was rejected by a vote of 71 to 61 on the ground that it was contrary to all theories of liberty and freedom of the press. Even when Lord Willingdon, the Viceroy, sent a special message recommending that the bill be passed, the Assembly refused to yield, and the government had to call upon the Viceroy to exercise his powers of certification.

Another instance of Nationalist antagonism was furnished on Sept. 19, when a motion sponsored by the Congress party to investigate Quetta relief work was defeated in the Assembly by only four votes. Ever since the great earthquake at Quetta, Indian Nationalists have complained that the authorities sealed the ruined city far too soon, without an exhaustive search for victims who might still be alive, and that many of those who lost all their belongings were given insufficient opportunity to recover at least a part. The government replied that for reasons of public health the ruins had

had to be sealed quickly and denied the charge that insufficient care had been exercised in searching for survivors and that British property-owners had been granted greater salvage privileges than Indian.

Nationalist feelings were somewhat appeased by the announcement on Sept. 10 that the government had appointed a special tariff board to review the duties on British textiles. The present rates expire on Dec. 31, and it is hoped to fix a new level which will afford adequate protection to the Indian industry. Further satisfaction was felt because of the announcement early in September of a grant to the Provincial Governments of over \$5,000,000 to improve the condition of the Indian peasantry. Ever since the establishment of an Imperial Council of Agricultural Research in 1929 Indian cultivators have profited from governmental advice on crop varieties and care of the fields, and the new grant should further improve rural living conditions, to which Mahatma Gandhi, since his retirement from politics, has devoted all his efforts.

Also conciliatory to Nationalist feeling was the fact that on Sept. 3 Pandit Jawaharlal Nehru, Congress party leader, was released from prison so that he might join his wife, who was seriously ill in Germany. Pandit Nehru had been sentenced for sedition early in 1934, and his term was not due to expire until February, 1936.

#### AUSTRALASIAN BUDGETS

When the Australian Parliament assembled on Sept. 23, after a recess of several months, it was offered budget proposals for the fiscal year 1935-36. Results for 1934-35 showed a surplus of about \$3,000,000; unemployment had fallen from about 30 per cent in the second quarter of 1932 to 17.8 per cent in the second quarter of

1935; the balance of trade had remained favorable even though it was only half as large as that for the preceding twelve months. The Treasury therefore proposed a reduction from 6 to 5 per cent of the special property income tax, a lower excise on tobacco and further restorations in salaries of public servants, including Ministers and members of Parliament.

New Zealand's new budget, introduced on Sept. 17, had been of the same general nature. Public service pay cuts were partially restored; old-age pension cuts were fully restored; the unemployment tax was reduced. Over \$20,000,000 was allocated for an expansion of the public works program. With a general election due at the end of the year, Prime Minister Coates's government was in a favorable position.

#### NAZIS IN SOUTHWEST AFRICA

Last November the Legislative Assembly of Southwest Africa voted that the mandated territory, formerly a German possession, should become the fifth Province of the Union of South Africa. Heeding this appeal, the Pretoria government recently set up a commission to study the question. One of the first witnesses before the commission was the Southwest African Attorney General. On Sept. 3 he startled the hearing with a dossier showing that the local Nazi party had been in close contact with officials in Germany and that a well-defined movement to change the mandate had been under way. At subsequent sessions prominent Southwest African business men testified that, despite the official ban on the Nazi movement, Jewish residents of the territory continued to be subject to persecution and boycott. The commission is still sitting, and its report will not be published for some time.

# Discontented France

By FRANCIS BROWN

FRENCH statesmen in the early Autumn, though greatly concerned with the prevention of another European war, were hardly less perturbed by the trend of affairs at home. Despite Premier Laval's wholesale attempt to relieve the financial and economic distress, his measures seemed to be meeting with little success. The discontent and unrest that were rife in many parts of the country boded ill for the Ministry when Parliament reassembled and left the whole policy of deflation under continuous fire.

The basis of French difficulties, of course, is the economic depression which persists with no sign of lifting. For instance, though there are other factors present, the most obvious cause for the succession of government deficits is the steady fall in revenue, a natural accompaniment of falling business. Revenues for the first eight months of 1935 have been 2,969,000,000 francs below expectations; indirect taxes in August were 22 per cent lower than budget estimates. It is this by no means novel situation that led to the economy decrees promulgated by the Laval Cabinet in July.

As a further attempt to live within the national income, the Laval Ministry has approved a budget for 1936 which will reduce expenditures 20 per cent below those of 1935, and balance income and outgo. Government expenditures, which it is estimated will approximate 48,000,000,000 francs in 1935, will not exceed 40,000,000,000

francs in 1936. Extraordinary expenditures have in the past helped to throw the budget out of balance, but according to plans these will be listed in the 1936 budget as "special funds" and will be covered by Treasury loans.

When the proposed budget comes before Parliament for debate all the ill-feeling which the government's deflationary policy has caused is expected to break loose at the same time that its economic results are laid bare. Approval of the budget would automatically ratify the decree laws, something the opposition must find it hard to do.

While a brave show has been made in government circles to convince the public that the Laval Cabinet's policies have succeeded, the evidence is not conclusive. Money rates are lower, stock quotations have risen. The gap between wholesale and retail prices has been reduced, and the price of wheat has improved. On the other hand, business activity has declined, with a consequent spread of unemployment. Foreign trade, showing no change for the better, continues at the low point for the post-war years.

Any improvement in agricultural prices is almost certain to raise the cost of living. As the government has sought to cut this cost as a necessary part of its deflationary policy, an increase, whether of meat or bread prices, reflects upon the Cabinet. Yet the farmers, insisting upon a better return for their crops, have threatened "serious measures" unless

conditions change. Early in September a farmers' organization pointed out that before the war the farmer received a net price of 130 francs for a quintal of wheat; in 1931 this reached 167 francs, but at the end of the present Summer it had dropped to 73 francs a quintal, which at par is equivalent to almost \$1.71 a bushel. Similar figures were cited for other grains.

Though wheat prices are no longer at their lowest level, they have not increased enough to affect farm purchasing power. As a result the Peasant Front, which feeds on agrarian discontent, has organized a tax-payment strike that may have serious consequences and has urged farmers to purchase as little as possible, and then only from merchants who have agreed to support their demand for better returns on agricultural produce.

A Peasant Front meeting at Blois on Sept. 22 was attended by 4,000 farmers, who adopted resolutions for higher prices, a moratorium on farm debts, State control of trusts, banks, raw materials and war industries, and governmental reform. As the farmers left the meeting they encountered a group of Communists. A free-for-all that followed was put down only by calling out the Mobile Guards.

Unrest among farmers has spread to Algeria. Under the motto, "Action," the movement has prevented foreclosures and has gained considerable political support. Disorder has not been lacking, and because of it many local officials have either resigned or been transferred to new posts. The recent appointment of a new Governor General would, it was hoped in official circles, curb this agitation.

The farmers' position is easy to un-

derstand, however unreasonable it may seem to the rest of the country. If wholesale prices rise, then either retail prices must rise or the merchant must be squeezed between producer and consumer. Any boost in wholesale prices, however, affects the production cost of goods which France sells abroad, thus further weakening the French position in the world market. If increased costs are passed on to the domestic consumer, protest is certain, especially since the wages of public servants and pensioners have been recently cut by government decree. The Ministry had hoped that retail prices could be lowered, but this has been difficult and may be impossible with a rising wholesale price level. All this helps to explain why the parliamentary session may be lively.

Farmers in their Peasant Front meetings have left no question of how they feel about present conditions. But they have not been alone. Various organizations of public servants, pensioners and small investors have held one meeting after another to protest against the government's decrees which reduced the income of their members. The National Council of Railway Workers, for example, denounced on Sept. 12 the whole decree program as bluff. The National Federation of Teachers called the decrees "incoherent and catastrophic," and asserted that deflation had been "imposed by the Bank of France and the Comité des Forges." As a result of this outspokenness, the Ministry of Education broke off relations with the teachers' union.

Further evidence of social uncertainty was supplied on Sept. 22 when the Croix de Feu celebrated the anniversary of the Battle of the Marne by surprise rallies near Paris and at widely separated parts of France. At

Lizy-sur-Ourcq, some thirty miles outside Paris, about 25,000 members of the Croix de Feu were addressed by their leader, Colonel François de la Rocque. In some instances Communists attacked Croix de Feu caravans. Disorders also occurred on Oct. 6, when several thousand members of the Croix de Feu met in a small village near Paris. Peasants living in the village attacked the Croix de Feu members, forcing them to leave under police protection.

Before Parliament meets elections are to take place for one-third of the Senate. The preliminary manoeuvres have tended to loose whatever political passions were held in check. Meanwhile, the Popular Front, which includes not only Socialists and Communists but left-wing Radical Socialists, has grown so strong that some observers believed it could, if it desired, overthrow the government. Even if the Popular Front should not hold together in the face of a Cabinet crisis, the government might still be overthrown if Edouard Daladier's followers dominate the next Radical Socialist Congress. A victory for Daladier would mean that Edouard Herriot's moderate policy no longer commanded the party's allegiance, and this in turn would probably force Herriot out of the Ministry and so destroy the coalition character of the Laval Cabinet.

#### BELGIAN BUSINESS CONDITIONS

The business recovery stimulated in Belgium by devaluation of the currency has apparently not run its course. Statistics published at the end of September showed definite improvement in many quarters. Department store sales in July, for example, were 23 per cent above those for the same

month of 1934. Twice as many building permits were issued in July, 1935, as in July, 1934. Railroad merchandise traffic in August was 8 per cent higher than a year before. Electricity consumption has risen; automobile sales are greater; savings deposits have increased. Moreover, the tourist business has been good, in part because of the exposition at Brussels.

Reports such as these tend to bear out the contention that devaluation was a wise policy. But there are some clouds on the horizon. Foreign trade, for example, showed an obstinate tendency to decline, and in July exports, when valued in gold francs, were seen to be 6 per cent lower than in the same month of 1934. In a country as dependent upon export trade as Belgium this state of affairs is serious. Hence the persistent rumors that there might be a further devaluation of the belga.

A rise in the cost of living at the same time threatened to upset further the accomplishments of the van Zee land Cabinet. At the end of September it was estimated that prices were about 8 per cent higher than before devaluation. As a result, all wages and salaries of civil servants were raised 5 per cent as from Oct. 1. The textile industry at Verviers granted a 5 per cent wage increase, to begin on Oct. 15, and the engineering industry was expected to follow suit. British critics believed that if this trend were not checked the results of depreciation would be wiped out, for higher prices would certainly lead to demands for higher wages, which in turn would lift production costs to a point at which whatever advantages Belgium has in the world market would be destroyed.

# The Nazi Rally at Nuremberg

By SIDNEY B. FAY

THE great political event of the year in Adolf Hitler's Germany was the National Socialist Party Congress at Nuremberg. Meeting during the second week of September in the former Free City of the Empire, the seventh annual congress was notable for the large attendance and the enthusiasm of the party leaders and members. Besides the thousands who marched on foot or who hurried by auto or airplane to Nuremberg, some 400,000 men, women and youth took more than 400 special trains to participate in the meeting—Brown Shirts, Black Shirts, Regular Army, Hitler Youth, Labor Army workers with spades and members of other organizations. Preparations for weeks in advance and wonderfully efficient commissary management afforded an impressive spectacle of the German capacity for well-ordered mass movement.

The congress has come to be the convenient platform from which the leaders of all the various party organizations review in glowing terms their accomplishments of the past year and set forth their plans for the future. Hitler himself gave a dozen addresses. No brief summary could indicate the vast and varied activities detailed in all the speeches. One of the favorite themes was the freedom and self-confidence which Germany now enjoys as a result of the steps which she is taking for the building of her defense forces. This year's meeting, in fact, was officially designated as the "Triumph of Freedom,"

just as last year's congress was the "Triumph of the Will."

On Sunday evening, Sept. 15, the Reichstag was hastily summoned for a meeting in the old Nuremberg Senate Chamber, where it was asked to approve new legislation concerning the flag of the Reich and the status of the Jews. The "flag question" has been one of the most embittered subjects of dispute ever since the close of the World War. The Weimar Republic adopted as the official flag the black-red-gold of the liberal students of 1815 and of the revolutionary patriots of 1848. But the Weimar Republic also retained for some purposes the black-white-red flag devised by Bismarck for the victorious empire of 1871. From 1919 to 1933 the conflict between Republicans and anti-Republicans, between Social Democrats, Catholic Centrists, Liberals and Jews on the one hand, and Conservatives, Nationalists and Monarchs on the other, was symbolized by the conflict between the adherents of black-red-gold and black-white-red.

When Hitler rose to power in 1933 the black-red-gold, of course, was done away with. It was the "flag of shame" which had too long disgraced Germany. It was, as Goering said at the Nuremberg Reichstag meeting, an abomination representing the threefold International—the Bolshevik red, which had destroyed Germany in 1918; the cowardly yellow, under which Germany had been deprived of power and usuriously impoverished; and the black, symbolic

of the clericals who had shamefully gone hand-in-hand with the radicals. Therefore, when Hitler assumed power, it was natural that he should adopt as the national flag the emblem under which his party had fought its way to control. So the swastika waved side by side with the old black-white-red, which had never disappeared.

The new law provides that the "Reich colors" are to be black-white-red; that is, the old Bismarckian colors are to be retained to a certain extent for decorative purposes. But the official Reich and national flag is to be henceforth the swastika. It purposely embodies the three colors, as Hitler long ago explained in his autobiography: The red field for the social views of the Nazi movement, the white circle for the idea of nationalism, and the black hooked-cross for the mission of the battle for the victory of the Aryan man, and with him the victory of creative work which itself ever has been and ever will be anti-Semitic.

Other laws passed by the Reichstag at Nuremberg sought to settle definitely the problem of the Jews in Germany by giving them a kind of separate and inferior minority status. A law defining citizenship stated that henceforth all persons under the protection of the Reich and owing allegiance to it are to be known as "subjects of the Reich." But only those are to be "Reich citizens" who are of German blood (or of blood akin to that of Germans) and who are ready and fit to serve the German folk and Reich. Only "Reich citizens" possess full political rights, such as serving in the army and holding political office. In other words, Jews are relegated to the position of a legal minority group.

A second "Law for the Protection of German Blood and German Honor"

forbids marriages between Jews and Aryan "Reich citizens." Marriages in defiance of this provision, even if made abroad to evade it, are null and void. Extra-marital intercourse between Jews and Aryan Germans is likewise forbidden. Persons infringing either of these prohibitions are threatened with a penitentiary sentence. Furthermore, Jews are forbidden to hoist the national flag or to display the national colors, but they may display their own colors and enjoy the protection of the State in so doing. Finally, Jews are forbidden to employ as house servants German Aryan girls and women less than 45 years of age. The official German Press Bureau stated that in all these laws the word "Jew" is to be interpreted as meaning "full Jew," that is, where both parents are of the Jewish race.

In some respects separate Jewish schools are not wholly unwelcome to the Jews. Many German Zionists have long desired Jewish schools as a means of keeping their children within the faith and traditions of their fathers and in recent years private Jewish schools have been established with this aim. On the other hand, the fact is resented that race and not religion is to be the determining factor, for there is no desire to have baptized Jews in these separate schools. Many Jews also regret the loss of the opportunity for their children to make school friendships, as in the past, with the sons and daughters of the rest of the population. Furthermore, they fear that the educational funds and facilities granted to the Jewish schools by the State will hardly be kept up to the standard of the rest of the schools.

The Nazi press and the speakers at Nuremberg welcomed this anti-Semitic legislation as marking a long step

toward settling the Jewish problem and toward removing German Aryans from what is regarded as the poisonous and disrupting Semitic influence. They wait expectantly to see whether the rest of the world will not soon follow the German example in dealing with the Jewish problem.

There is inconsistency and lack of clarity in the legislation for the Jews, even granting the Nazi view about "the racial conception of history." Most of the legislation of the past two years has defined as a Jew one who is at least "quarter Jew" (that is, who is "non-Aryan," having at least one Jewish grandparent); the school law applies to "half Jews"; while the new laws in regard to citizenship and mixed marriages are said to affect only "full Jews."

Nor is the Nazi analogy between the Jewish minority in Germany and the German minorities in other lands quite to the point. The latter in many cases are under the protection and guarantee, in theory at least, of the League of Nations, but the Jewish minority in Germany has no such recourse.

There is a constant tendency in Germany, furthermore, to restrict the economic opportunity of the Jews so that it is difficult to see how many of them are to secure a livelihood within their closed group. A recent law, for instance, has ordered all Jews who deal in antiques to wind up their business. Jewish newspapers, by order of Dr. Goebbels, are not to be allowed to be displayed or sold on street stands and railway stalls after Nov. 1. A recent Nazi decision prevents Nazi party lawyers from defending Jews in cases against Aryan Germans. And there is all the legislation of the past two years which cuts down the opportunities for Jewish

doctors, lawyers, artists, editors and so forth.

#### NAZI CHURCH RULE

The German Government on Sept. 28 issued a decree which placed the Protestant Church under State control. This appeared to be a direct reply to assertions of independence by the Prussian Confessional Synod and to its refusal to accept any compromise. The move did not come as a surprise, for the synod had been warned by the Minister of Church Affairs, Hans Kerrl, that opposition to his policies would lead to "drastic action."

The synod met on Sept. 23, but was prevented from debating any fundamental subject by the repeated interference of Minister Kerrl. Two days later the government announced that it would abandon Reich Bishop Ludwig Mueller and his Nazi Christian group, appoint a new church directorate and summon a national synod. But the church leaders would not consider State supremacy, and at their closing session on Sept. 27 adopted resolutions denouncing interference with the independence of the Protestant Church and the government's policy toward Christians of Jewish ancestry.

Following this bold action, the decree was issued empowering the Minister of Church Affairs to publish "decrees possessing statutory legality for the purpose of reconstituting orderly conditions in the German Evangelical Church." It had received Hitler's approval on Sept. 24. This move against church autonomy left the members of the synod faced with the dilemma of breaking the law or sacrificing their religious principles.

#### GERMAN ECONOMIC OUTLOOK

Germany has enjoyed an unusually good harvest, confirming favorable

forecasts and making it possible to reduce imports of foreign foodstuffs during the coming year and to decrease the pressure on foreign exchange. Nevertheless, Berlin experienced a food shortage at the end of September, when housewives found it almost impossible to purchase meats, fruits or fats. Pork and butter were especially hard to obtain. To ease the situation the Reich Institute for Dairy Products, Oils, and Fats on Oct. 1 released some of its reserve supplies.

The sudden food shortage called attention again to the German economic situation. In particular it emphasized the changes that have come over business since the Nazis established their system. Trading on the security exchanges, for example, has dwindled away and some houses have closed. Several provincial exchanges have been suppressed by the government in order to concentrate trading on the Berlin Boerse, but even in Berlin there is little activity.

German exports for August amounted to 368,000,000 marks (about \$128,000,000), a higher figure than for any month since February, 1934. The increase was largely in textiles, furs and chemicals. Imports, on the other hand, were reduced to 318,000,000 marks, the lowest total for a year and a half. Decreased importations of potatoes, coffee, tropical fruits and other foodstuffs more than offset increases in cotton and vegetable fats. The excess of exports over imports, the largest favorable balance since February, 1934, seemed to justify Dr. Schacht's policy of restricting imports by curtailing the amount of foreign exchange available for importers and by stimulating exports through bounties paid by levies upon producers for the home market.

The gold reserve in the Reichsbank has shown a tendency to increase. On

Sept. 23 it amounted to 94,742,000 marks (about \$38,000,000), which afforded a coverage of 2.67 for the notes in circulation. This contrasts with the customary 40 per cent coverage in most industrial countries. An easy money market made possible oversubscription of the 500,000,000-mark issue of ten-year Treasury notes for unemployment and rearmament.

Unemployment was further reduced in August by 40,000, bringing the total of unemployed to less than 1,750,000, as compared with 6,000,000 in January, 1933. In August, 1935, there were nearly 17,000,000 at work —over 5,000,000 more than when Hitler came to power in 1933.

The United States announced on Sept. 16 that, beginning Oct. 15, it would no longer extend to Germany the tariff reductions granted to other countries through reciprocal trade agreements. Berlin had some months earlier denounced the German-American commercial treaty of 1923. Washington's move meant that Germany will lose the benefit of the most-favored-nation treatment which she has enjoyed under the treaty of 1923, and which gave her as much as a 50 per cent reduction in the tariff on many classes of goods. Efforts to negotiate another treaty were unavailing because the United States insisted that Americans who are owed money on German foreign obligations be given the same treatment as other foreign creditors who benefit from Germany's various clearing-house agreements with European governments. Thus the action of the United States is to a certain extent a retaliation for Germany's method of dealing with her American creditors.

#### DUTCH FINANCES

Queen Wilhelmina opened the Netherlands Parliament on Sept. 17 with

an address from the throne which was somewhat longer than usual. For the most part the Queen confined her attention to the country's economic condition, which is admittedly not of the best. Devaluation of the guilder was opposed, at the same time that it was admitted that a fall in public revenues would require increased taxation. Public economies, adequate relief for the distressed and a public works program were promised.

The 1936 budget, sent to Parliament the following day, carried expenditures of 711,000,000 guilders and showed a deficit of 109,000,000 guilders. (At par the guilder is worth 68 cents.) Because of reductions in certain excise taxes the deficit is expected to reach 119,000,000 guilders, which will be met by economies and increased taxation. Cuts in unemployment relief are expected to reduce the deficit by approximately 13,000,000 guilders.

Although the Colijn Cabinet has done all in its power to stave off devaluation, many observers would not be surprised if the Netherlands left the gold standard. In foreign exchange the guilder has been weak for some time, and a flight of capital has been in progress. On Sept. 16 the Bank of the Netherlands raised the rediscount rate to 6 per cent in an endeavor to check the steady outflow of gold.

Economic conditions in the colonies, with the exception of Curaçao, have caused a good deal of anxiety. Financial circles have feared that an Italo-Ethiopian war might seriously affect the world trade of the Netherlands and possibly interrupt commer-

cial relations through the Suez Canal with the Netherlands East Indies.

#### A SWISS REFERENDUM

The Swiss people on Sept. 8 by a vote of 501,000 to 194,678 decisively rejected a proposal for total revision of the Federal Constitution. After long agitation as to whether the vote should be on complete or partial revision, the more active and extreme elements forced a referendum on "total revision."

The proponents of revision insisted that the Constitution of 1848, which was considerably changed in 1874 and slightly modified on later occasions, was no longer suited to present-day economic and political conditions. They wanted in particular to strengthen the powers of the central government. A change was favored by various groups, ranging from the young liberals to the Catholic conservatives. The latter, however, alone proposed a definite program—a corporative State similar to that in Austria. The overwhelming defeat of the proposed revision was due in part to the division among its advocates, and in part to the conservatism of the essentially democratic Swiss who feared that "total revision" might be the Trojan horse which would bring fascism or national socialism into the country.

The Swiss Minister of Finance stated at St. Gall on Sept. 9 that the deficit in the Federal budget for the current year would reach 60,000,000 francs. (The Swiss franc at par is worth 32.67 cents.) He promised that there would be no tampering with the currency, although warning the people that a reduction of government subsidies and salaries would be necessary.

# Agrarian Strength in Spain

By WILLIAM E. LINGELBACH

**S**PAIN has experienced another Ministerial crisis. On Sept. 20 Prime Minister Lerroux and his coalition Cabinet resigned after having been in office since April 3. The issue was forced by the Agrarians, who had been dissatisfied for some time with the Premier's policies, objecting in particular to the consolidation of three Cabinet posts into one, and to the transfer of the public service works of Catalonia to the central government at Madrid.

Martinez de Velasco, the Agrarian leader, refused further cooperation with the Cabinet, although he agreed to support the Ministry in the Cortes since none of the parties wants a dissolution of Parliament at this time. Instead of inviting Lerroux to form another Ministry, President Zamora called upon Alba Santiago. After a day's fruitless negotiations he found it impossible to secure the necessary cooperation. The President thereupon turned to Joaquin Chapaprieta, who was more successful. On Sept. 24 he announced the members of his newly formed Cabinet.

Gil Robles, the leader of Catholic Popular Action, was continued in the War Department, and Martinez de Velasco of the Agrarian group in the Department of Agriculture, Commerce and Industry, while ex-Premier Lerroux took over the Foreign Office. President Zamora was particularly anxious that Lerroux should carry on as Foreign Minister because of the ominous war clouds over the Medi-

ranean. On the other hand, his desire to have all shades of opinion represented in a sort of emergency Cabinet during the international crisis could not be satisfied because the Socialists and their friends refused all cooperation with the conservatives, urging the immediate dissolution of Parliament and new elections.

Judging by the personnel of the new Cabinet no immediate or radical departure in policy from that pursued by Premier Lerroux was likely. With an eye to the international situation a neutrality decree was issued and Spain's veteran representative at Geneva, Salvador de Madariaga, was instructed to support to the utmost the principles of the Covenant and the solidarity of League action. At home steps were taken to strengthen the national defense as much as possible. These applied particularly to the Balearic Islands,

Among the policies of the government that have excited most criticism is the land legislation which, although it radically modifies the law adopted after long debate by the first Cortes, was railroaded through the present Parliament in a few days. It provides for peasant proprietorship, but with a guarantee of compensation for the land owners. They will be paid from a sinking fund and are assured in addition a 4 per cent interest rate until final settlement is made. Government appropriations are to furnish the necessary funds, though the sum appropriated thus far (50,000 pesetas annually) is so inadequate that the

prospects for an active transfer of land under the act in the near future are not bright.

About 100 grandees with aggregate holdings of approximately 1,400,000 acres are now relieved from all threat of expropriation. Indeed, the conditions of purchase are so favorable to the proprietors that, according to one member of the Cortes, "the land owners will line up in queues to have their lands expropriated." No indemnity is paid for what are known as *senorías jurisdiccionales*, that is, lands given to the people by former Kings but with certain rights of overlordship conceded to feudal lords who later came to be regarded as the owners. The Institute for Agrarian Reform has been set up to administer the transfer. Any peasant having worked the land for ten years can ask to have it secured for him at the government purchase price.

Early in the month the government carried through a successful refunding of part of the national debt, 305,000,000 pesetas (\$41,693,000) being converted into 4 per cent bonds. Demands for payment in gold or foreign currency were very slight, amounting to only about \$3,500,000, chiefly from foreign holders. The percentage of Spanish bondholders who asked for a liquidation of their holdings was insignificant. Encouraged by the success of the conversion of 6 per cent bonds, the government next undertook to refund the 5 per cent amortizable debt of \$9,000,000 into 4 per cent securities. This too was measurably successful.

Under the leadership of the popular Count Romanones, the Liberal Monarchists of Spain have succeeded in bringing together their followers in a new political organization—the Liberal Monarchist Democratic party. Many Monarchists have broken en-

tirely with the group of reactionaries who wish to bring about a return to the absolute monarchy of earlier days. Nor will they cooperate with Calvo Sotelo's group in demanding a Fascist dictatorship under former King Alfonso.

Extensive properties in Barcelona which were confiscated under the previous Cortes as belonging to the Jesuits have been restored by the courts to their owners because it was proved that they were not owned by the Order, but by a private corporation which rented them to Jesuits and others alike. The war on beggars in Barcelona and Madrid has been eminently successful, even Barcelona being now almost entirely rid of them. Driven from the city, they scattered over the countryside, arousing many complaints, with the result that a decree was issued for their suppression in the four Provinces of Catalonia.

The extensive smuggling of tobacco, which has been known to exist among the islands for a long time, has at last been traced to its principal source. It was found that Don José Feliu, a former civil Governor of the islands and the principal delegate for the Spanish Tobacco Monopoly, and Don Magín Marqués, an influential and wealthy business man, were deeply implicated. Both men were arrested with seven other persons. According to the press, the smugglers bought large cargoes of American tobacco and cigarettes at low prices, arranging for their capture by the agents of the government monopoly. They then obtained as a reward the retail prices paid by the government to its agents for the contraband tobacco they seized. The gang was thus not only assured of a purchaser but of sales at prices more profitable than they could obtain in the open market.

# Bulgaria Nips a Plot

By FREDERIC A. OGG

MARTIAL law was declared throughout Bulgaria on Oct. 2 following the discovery of an alleged conspiracy to overthrow the monarchy and set up a republic. While no disorders were reported, numerous arrests were made and the celebration of the Bulgarian national holiday, except for a service in the Sofia Cathedral, was postponed.

For several days before the proclamation of martial law there had been rumors of impending political change. On Sept. 29 twenty or more Deputies belonging to former opposition parties were taken into custody because it was believed they were plotting against the government. In army circles, so it was said, were fears that King Boris planned to restore parliamentary rule. Rumors of all sorts filled the capital, feeding on the general economic distress and discontent with the government's failure to improve conditions.

Although the government claimed that it had nipped a plot which went so far as to include assassination of the King, observers felt that official reports were exaggerated. What was known was that Colonel Damian Veltchev, an advocate of close cooperation between Bulgaria and Yugoslavia, had been seized as the leader of the plot and that former Premier Kimon Gueorguiev along with more than 250 others had been arrested. Premier Toshev told the nation in a radio broadcast on Oct. 3 that the government's speedy action had averted civil war. Further details of the alleged plot were not disclosed. That it might have direct connection with Bulgarian for-

eign relations was not impossible, for King Boris and his Cabinet have followed a pro-Italian policy, while the men arrested were pro-Yugoslav and pro-French.

Bulgaria, in any event, seems to be a hotbed of unrest. More than eighty Macedonian Communists were arrested at Petritch and Sofia on Sept. 13 on charges of conspiring to foment an uprising and establish a "soviet republic." Nearly all the accused were members of a revolutionary council which was said to be receiving orders from a central organization in Vienna directed by a well-known Communist.

## POLISH ELECTION RESULTS

The results of the elections for the Polish Sejm held on Sept. 8 bore out all predictions. In this instance prophecy amounted almost to knowledge, because under the new "made-in-Poland" electoral system adopted in June the bloc supporting the Slawek government could not possibly lose. The only question was as to how decisive its victory would be.

A qualified electorate of 16,282,347 cast a total of 7,575,681 ballots; that is, 46.5 per cent of the electorate voted, as compared with 74.8 per cent at the election of 1930. Of the total of 208 Deputies chosen, 190 belonged to the government bloc, as compared with 247 out of a total of 444 in 1930. Of the 208, including 2 women, there were 184 Poles, 19 Ukrainians, 4 Jews and 1 Russian.

The reasons for the government's overwhelming triumph are not diffi-

cult to discover. First, the 104 district "conventions" in which the candidates were selected, while made up ostensibly on a broadly representative basis, were dominated by the judges who presided and the "general election commissioners" who "coordinated" the arrangements. These officials were almost invariably "government" men. It was they who usually picked the candidates—four in each district—and determined the order in which their names should be placed on the ballots.

Second, as the figures show, the election was boycotted by a majority of the voters. The official explanation, as voiced in the *Gazeta Polska* and other government organs, is that the nation generally regards the existing régime as stabilized and is content with it, abstention from the polls being merely an indication of lack of opposition. The speciousness of this argument is shown by various happenings and circumstances, but chiefly by the deliberate and concerted abstention of all the parties—notably the Conservatives and Clerical National Democrats, the Socialists, the Communists and the Peasants—which from the first have strongly disapproved the new Constitution under which the present electoral laws were passed.

The election was, for Poland, a strangely silent one. The only form of propaganda officially permitted was the publication and distribution of short biographies of the candidates. The numerous dissident groups, however, were merely cowed, not converted, and the results can in no sense be interpreted as a full and fair expression of the national mind.

The election of 64 Senators on Sept. 15 proved even more of a formality than the Sejm election of the preceding Sunday. Only some 300,000 electors—less than 1 per cent of the total population—were qualified to partici-

pate, and only three-fifths of these actually voted; 60 of the 64 persons chosen were identified with the government party, including Foreign Minister Beck and Adam Pilsudski, brother of the late Marshal. Under the Constitution, 32 additional Senators were to be appointed by President Moscicki.

#### REFUGEES IN CZECHOSLOVAKIA

Czechoslovakia, a democratic island in a sea of dictatorships, has furnished asylum to many thousands of refugees from political or religious persecution. The general policy has been to keep the doors wide open to such persons, on condition that they do not engage in political activities or take up work in a labor market in which unemployment exceeds the 500,000 mark. Since the refugees are thus prevented from earning a livelihood, and the assistance provided in the case of Germans, Russians and others by committees formed among the respective national groups has grown quite inadequate, much distress has resulted.

The Czechoslovak Government has been obliged to take protective measures. Entrants are to be confined more rigidly to bona fide refugees, and henceforth all foreigners resident in the country must apply for a permit to remain and must pay a tax ranging from 40 cents to \$420, according to individual circumstances. As matters stand, repatriation of both Jewish and non-Jewish refugees from Germany would mean simply handing them over to their persecutors, but it is hoped that diplomatic understandings may presently secure more lenient terms for returning Austrian Socialists and for Russians.

#### ITALIAN LOANS TO ALBANIA

Relations between Albania and Italy were chilled somewhat in 1933 when

King Zog closed Italian schools in his country and also failed to make an interest payment when due. Matters have now been straightened out, however, and on Sept. 7 it was announced that Italy was resuming her series of yearly loans of 10,000,000 gold francs, started in 1931, to "assure the development of public works and public construction in Albania."

The number of persons condemned to death for participation in the revolt of Aug. 15 at Fieri against King Zog's government mounted to scores, but of actual executions there were, to the end of September, not more than a dozen. On Sept. 22, the King granted clemency to thirty-nine of the accused, though not without imposing prison sentences of varying length. A plea for leniency was lodged by a number of foreign diplomats.

#### ROYALISM IN GREECE

Throughout September the vitality of the eleven-year-old Greek republic continued to ebb, and the result of the popular referendum to be held on Nov. 3 can hardly be other than a fairly decisive declaration in favor of a restoration of kingship. Before the ill-fated Republican uprising of last March, royalism was only one of many forms taken by anti-Venizelism, but since then the swing toward monarchy has been seemingly irresistible.

Following the unexpected shift of War Minister George Kondylis from the Republican camp, Royalist aims centred upon inducing or coercing Prime Minister Tsaldaris to give up the neutral position which he sought to maintain and come out openly for monarchy. Until his return to Athens on Sept. 9 from an extended vacation, the Premier stood his ground. But, pressed on the one hand by General Kondylis's threatened resignation and on the other by the attempted inva-

sion of a Cabinet meeting by a band of Republican army officers led by General Panayotakos, he yielded on Sept. 10, saying in a public statement: "I attribute the nervous tension at present existing in public ranks and the army to general anxiety concerning the question of a constitution. I consider democratic royalty as the natural régime for Greece and ask the people to vote for it in the impending plebiscite."

Considerable interest attached in the next few days to the rôle to be played by the aged President Zaimis. The Cabinet having gone over solidly to monarchy, he remained the only hope, the Republicans said, of impartiality in the coming plebiscite. Presently, however, confidence in him also vanished, and when it became clear that he would offer no resistance to the monarchists' plans, George Papandriu, the Republican leader, on Sept. 12 asked him to resign. At one time it was reported that President Zaimis had resigned, but on Sept. 14 he indicated, after conferring with Premier Tsaldaris, that he would remain in office until after the plebiscite. Should the monarchists win, no course would be open to him but to step out; should they lose, he would presumably exercise his discretion. In politics, President Zaimis has been classed as an anti-Venizelos Republican.

Meanwhile, former King George held to the strictly correct attitude which he has maintained from the first. While on a visit to the British sovereign at Balmoral he again declared himself willing to return to Greece only in case a national referendum showed that the entire nation desired that he do so. On Sept. 14 it became known that he had definitely refused to cooperate with Royalist leaders at Athens who had considered omitting the plebiscite and accom-

plishing the restoration by an act of Parliament.

Parliamentary arrangements for the referendum were announced on Sept. 18. The voters are to decide between "maintenance of the republican parliamentary régime" and the establishment of a "monarchist democracy," the latter being understood to mean a constitutional monarchy on the British model. Electoral requirements are being simplified to facilitate a heavy vote. Soldiers and sailors, for example, though ordinarily debarred from voting while in active service, will be permitted to cast ballots. Only in Crete, the Aegean islands and some parts of Northern Greece does it seem at all likely that the monarchist program will be voted down.

Most, if not all, of the country's neighbors will look upon a royalist restoration with disfavor. Rumania and Yugoslavia fear the precedent that would be set for the Austrians and Hungarians; Turkish leaders are apprehensive lest the event stir dreams of a restoration of the Sultans.

#### A LITTLE ENTENTE MEETING

A meeting of the Permanent Council of the Little Entente, held at Bled, Yugoslavia, on Aug. 29 and 30, was followed immediately by a conference of the States that are parties to the Balkan Pact. One of the entente's principal architects, Foreign Minister Benes of Czechoslovakia, was understood to be voicing the opinion of high authorities in all three countries when, in a statement commemorating the fifteenth anniversary of the entente, he said that this "fruitful alliance" had "fully justified its existence."

After the entente conference, it was stated that the three partners had pledged themselves anew to the maintenance of solidarity on all foreign

political questions, that they proposed to concentrate all their energy and strength in the service of general peace, and that they expected to "remain faithful to the institution of the League of Nations." Unequivocally, though in studiously moderate terms, another communiqué reaffirmed the unalterable opposition of the entente to a restoration of the Habsburgs either in Austria or in Hungary. On the agenda, too, was the matter of recognition of the Soviet Union by the Little Entente as a body, but no decision on the matter was announced. Czechoslovakia and Rumania extended recognition some time ago. Apparently they are unable to convince Yugoslavia of the wisdom of such a step. Turkey is rumored to have added her voice, but to no avail.

A joint Franco-Italian proposal for a Danubian pact was presented to the conference. Its main features urge: (1) A guarantee of Austrian independence; (2) a mutual pledge of non-intervention; (3) a similar pledge of non-aggression; and (4) agreement for consultation instead of mutual assistance in case of threat to the territorial or political status quo. It was reported that the conference felt that the pact would be desirable, provided that agreement on the several points were reached by France, Italy, Poland and all Central and Eastern European States, and that revisionism was not raised. In view of Hungary's well-known aspirations, it seemed likely that this second condition would of itself interpose an insuperable obstacle. Indeed, in a speech on Sept. 15 by Dr. Antal, press officer of the Budapest government, "the indisputable right of Hungary to revision of her frontiers" was listed as the first of four considerations by which that government would be guided in dealing with the subject.

# German Victory in Memel

By RALPH THOMPSON

**I**N a far from placid atmosphere the electorate of the Memel territory went to the polls on Sept. 29 to choose their representatives to the local Diet. At this writing no final figures on the balloting were available, but there was little doubt that the pro-German parties had won a sweeping victory.

No election in recent years had been preceded by so much ominous speech-making. At all times sensitive upon the subject of Memel and Lithuania, official Germany became especially wrought up after Lithuania had in August modified the electoral law so as to disfranchise certain Germans and to prevent others from standing as candidates. Chancellor Hitler himself, addressing the Reichstag assembled at Nuremberg on Sept. 15, spoke of Lithuanian sovereignty over Memel as "legalized robbery," and charged that Germans in the territory had been "maltreated and tortured." Similar sentiments were voiced by other Nazi officials.

On Sept. 12 Great Britain, France and Italy, guarantors of the Memel Statute, warned Lithuania through their diplomatic representatives at Kaunas that justice would have to be done to all, irrespective of party. Lithuania replied that the elections would be conducted in a proper manner and in accordance with the terms of the Statute. But Germany was not reassured; there were whispers that armed force alone would suffice and loud accusations that thousands of German sympathizers had been disqualified. A semi-official reply issued by Kaunas on Sept. 24 stated that

only sixty-nine persons had lost their right to vote and that only four candidates had been stricken from the ballot as a result of the new electoral law.

Two days before the vote was scheduled to take place Great Britain, France and Italy presented identical notes to Germany, pointing out that Lithuania had promised a fair balloting and asking that Germany cooperate so far as possible in keeping order. Lithuania, in turn, invited diplomatic representatives of the signatory powers at Kaunas to go to Memel to observe proceedings on the spot. This they did.

The voting itself was relatively peaceful, only a few clashes occurring between the rival factions. But it was awkwardly handled; a complicated ballot system had been introduced, by which each voter, to indicate his choice for the 29 seats in the Diet, was to tear out of a booklet of 187 pages the 29 bearing the names of his selection. This process consumed more time than had been expected, and the Lithuanian Cabinet had to be hurriedly convoked in special session to prolong the voting period. Not until late on Sept. 30 had all the ballots been cast.

Lithuania could hardly conceal its disappointment over the results of the poll, which had taken on the aspect of a plebiscite, and there were inevitable repercussions at Kaunas. It was clear that the Tubelis Cabinet had not succeeded in "Lithuanianizing" the Memel territory—whether through a literal observance of the terms of the Statute, on account of its own weak-



The territory of Memel (in black)

ness or because of extra-legal methods employed by Germans. The Memel Directorate would have to be reformed in accordance with the new party alignment in the Diet—which would mean a German majority on the Directorate and a farewell to dreams of Lithuanian ascendancy.

Domestic difficulties, as well as the Memel defeat, lent substance to rumors circulated early in October that the Tubelis Cabinet would fall. Throughout the waning Summer weeks Lithuanian farmers had demonstrated against the prevailing low agricultural prices and high taxes; farm products had been withheld from the semi-official cooperatives; clashes with the police had resulted in several deaths and scores of arrests. On Sept. 6 Premier Tubelis had reformed his Cabinet, naming new Ministers for the departments of the Interior and Agriculture. On Oct. 1 the government had been forced to announce a rigid control of foreign exchange as a

result of a rapid decline in the national gold reserve.

#### *FINLAND'S BUDGET*

Prime Minister Kivimaki's Cabinet presented its third annual budget to the Finnish Diet when that body assembled for its regular Autumn session on Sept. 2. According to the estimates the lower limit of taxable income will be raised from 6,000 to 10,000 marks (the finmark is currently slightly over two cents); the lower limit of taxable property from 40,000 to 100,000 marks. Allowances for dependent children will be doubled and import duties on rye, wheat, sugar and coffee will be reduced. These concessions have been made possible by the fact that State revenues have increased with improved economic conditions; the national income from taxes, duties and dividends rose from 2,500,000,000 marks in 1932 to nearly 3,500,000,000 in the year ended Dec. 31, 1934.

#### *DANISH ELECTION ORDERED*

As a result of the agricultural unrest which began late in the Summer (see October CURRENT HISTORY, page 101) the Danish Parliament was dissolved on Oct. 1, and a general election was ordered for Oct. 22. Prime Minister Stauning and the members of his Social Democratic-Radical coalition government found themselves helpless in the face of the valuta strike, which had so demoralized the national economy that drastic measures were necessary. Denmark was to be called upon to choose between two points of view—that of the government and that of the rebellious farmers. The latter are said to be chiefly from North Schleswig, a former German territory, and to be headed by Count Knuth, leader of the National Socialist peasantry.

# Russia and the League

By EDGAR S. FURNISS

**M**AIXIM LITVINOV'S statement at Geneva on Sept. 14 of the Soviet attitude on the Ethiopian dispute disclosed interesting aspects of the Union's foreign policy. It indicated, for one thing, a more complete adherence to the League Covenant and its purposes than had previously been avowed by the Union. Only a short time ago Russia's attitude toward the League was one of unmitigated suspicion and enmity. It had, indeed, become a fixed principle among all good Communists to condemn the League as an unholy alliance of rapacious imperialists.

When the Soviet Union at last joined the League, the shift was explained in terms of devotion to world peace, though it is well known that it yielded under French persuasion and with the very practical purpose of strengthening relations with the allies of France in Eastern Europe. The change of front caused some mental discomfort to Soviet spokesmen, who are still a little uneasy when alluding to it. Even as late as midsummer the Russian press took the position that the country was not greatly committed to the League. A Soviet editorial, in commenting on the Council meeting of Aug. 1 belittled Russia's interest in the League, saying that the Covenant had been signed with large reservations and that the whole idea of the League's mandatory power had been repudiated. The same spokesman, feeling obliged to explain why Litvinov happened to be serving as Council chairman, said that it was entirely

due to alphabetical rotation in office.

In the case of the Ethiopian problem, the Soviet Union has also sought to maintain an attitude of aloofness. In August it was denied that "the U. S. S. R. had a share in the Council's proceedings." Early comment on British policy was equally misleading as to the position the Soviet Union would eventually take. In August the Soviet press dismissed Britain's proposals for collective action against Italy as based on "interested motives" and made much capital out of the scandal surrounding the Rickett oil concession.

Litvinov's declaration on Sept. 14 showed that Soviet diplomacy had moved from this earlier position to one of active support of the League Covenant, even if this should involve participation in sanctions against an aggressor. He reiterated his government's opposition to the whole system of colonies and spheres of influence, thus making it clear that any support now given to British policy implied no desire to protect that country's imperial position. The only question, said Litvinov, is that of "defending the Covenant of the League as an instrument of peace" and the Soviet Union "cannot allow any attempt which will put it out of work." The practical effect of the statement, however, was to assure Great Britain of Russia's support in her effort to restrain Italy.

At the same time there was a striking change in the tone of the Soviet press with regard to Britain. Assaults on British motives gave way to applause for her effort "to reinforce the

interests of peace and strengthen the authority of the League of Nations." The Soviet Union is on terms of peace with Italy and has recently worked hard to bring about closer economic and political relations with that country. Russia has been supplying a large part of the materials needed for the provisioning of the Italian Army in East Africa. Nevertheless, she eventually threw her support on the other side in the controversy at Geneva.

It is natural to look for some cause for this shift outside the circumstances of the Ethiopian issue itself. As a matter of fact, the Soviet Union's final declaration is not inconsistent with its general foreign policy. It has stood consistently for the preservation of peace, and has been wedded since the beginning of the Communist régime to an ideal of freedom and self-determination for backward peoples. But other factors come into play. In particular, the situation offers a chance to advance the one international policy which the Soviet Union considers of greatest strategic importance to itself and to the peace of Europe—an alliance of France, Great Britain and the Soviet Union to preserve the status quo in Eastern Europe. Such an arrangement, it need hardly be said, would guarantee security against Germany and Poland, and, by removing uneasiness about the Western frontier, increase Russia's defensive strength against Japan in the Far East.

The Russian attempt to conclude such a pact last Spring was thwarted by Britain's refusal to commit herself. It is now thought possible that Britain's desire for French support in the Ethiopian issue and her appreciation of the Soviet Union's importance to any collective action by the League may make for reconsideration of that decision. This is the immediate objec-

tive of Litvinov's participation in the discussions now going on at Geneva. His declaration of policy on Sept. 14 allows him to bring pressure on Britain for the conclusion of an Eastern European pact.

The concern of France and the smaller European nations in the present controversy is not over the fate of Ethiopia but over the danger, if Italy is engaged elsewhere and particularly if Britain should be similarly engaged, that action by Germany will upset the peace of Europe. To the Russians the situation is proof of their thesis, "Peace is indivisible." They insist that a rupture anywhere will destroy the whole peace fabric. Their answer to the problem is an alliance of the powerful nations to curb any aggressor in Europe, by force if necessary, regardless of what may happen elsewhere.

Sir Samuel Hoare's emphatic statement at Geneva that Britain is devoted "to the League Covenant in its entirety" and to "solid opposition" to all cases of aggression, and the more elaborate declaration to the same effect contained in his letter of Sept. 29 to the French Foreign Office, gave the Soviet Union its cue. Litvinov and the Soviet press argue that if the British mean what they say they are already committed to the purposes of the Eastern European pact and should no longer hold aloof. Though Sir Samuel Hoare, even in his latest statement, was still reluctant to commit his country in advance to definite action in any specific case of aggression, what the Russians were quite unable to achieve six months ago seems in the present setting by no means hopeless; and it may well be that the Union will emerge from the confusion at Geneva with the coveted tripartite alliance with Great Britain and France.

One incident in connection with Litvinov's speech threw light on the present unstable condition of Soviet-Polish relations. He took occasion to condemn a type of non-aggression pact which, while it binds two nations to respect each other's territorial sovereignty and to assist each other to repel an assault by a third power, leaves each free to attack another State. Colonel Beck of the Polish delegation held that this referred to the Polish-German alliance, as no doubt it did, and made a vigorous speech in criticism. When Litvinov rose to reply the entire Polish delegation withdrew. The incident, slight in itself, gave notice that recent efforts to detach Poland from an entanglement with Hitler and to bring her into closer affiliation with Russia had been fruitless. With Hitler's rise to power France attempted to bring Poland into line with her own policy of Soviet rapprochement, but French unwillingness or inability to crush Hitler by force caused Poland to decide to protect her own interests by direct negotiation with Germany.

The outcome was the German-Polish pact of 1934 by which Poland gained territorial security on the disputed frontier of East Prussia. This detached Poland from French leadership in Eastern Europe and caused the Soviet Union to classify her as an ally of the arch-enemy, Germany. The increasing uncertainty of Hitler's position during recent months had led to the belief that Poland might now be ready to return to the old affiliation with France and to compose her differences with the Soviet Union, which have been many and bitter since 1934. Colonel Beck's blunt declaration at Geneva is proof that there has been no improvement in this area of Soviet relations.

The stabilization of Soviet relations

in the Near East was signalized by two events this Summer. The first of these was the conclusion on Aug. 27 of a comprehensive trade agreement with Iran; the second, the opening of the Congress of Iranian Art in Moscow on Sept. 11. The congress was an important occasion in itself, since it brought together the most impressive display of Iranian art of all forms and periods ever exhibited in a single place. But the political implications were quite as important as the aesthetic, since the leading governmental authorities of Iran visited Moscow. It is significant, too, that the Turkish Government sent a strong delegation to take part in the proceedings.

The Soviet Government has been working for some time to broaden the entente with Turkey so as to bring Iran into equal partnership, and it seems that this policy has now been carried through. The alliance with Turkey, developing from the time when Russia went to the aid of Kemal Pasha during the war with Greece, has become a close affiliation involving both economic and military cooperation. Although no formal announcement that Iran has been drawn into this alliance has yet been made, there is every reason to believe that the three countries have reached an understanding. This particular strand of Soviet policy is of a piece with the manoeuvres for an Eastern European pact already referred to, since both are phases of a general security program which already includes an understanding with France, a close agreement with the Little Entente and the Balkan States, and is now extended into the Levant and the Middle East.

The extensive military manoeuvres of the Red Army in mid-September were not unrelated to these developments of Soviet foreign policy. The

place selected for the war games—the Ukraine—indicated the Union's desire to display its power in the area which it believes to be the most likely objective of German or Polish attack. The large numbers engaged, and particularly the impressive exhibition of mechanized land weapons and of aircraft, gave forceful warning of the Union's ability to defend itself. But apart from this, the event was turned into a sort of public announcement that the Union can count in emergency upon military assistance from its present European allies.

The manoeuvres were witnessed by delegations of staff officers from the French and Czechoslovakian Armies, a fact which received much emphasis in the press. Earlier in the Summer members of the general staff of the Red Army attended for the first time the manoeuvres of the French Army in Champagne, and a similar delegation of Soviet officials joined with representatives of the Rumanian and Yugoslav Armies in witnessing military manoeuvres in Czechoslovakia. Russia's pacts with France and the Little Entente do not contain specific assurance of military assistance, but the extensive exchange of military missions this Summer is taken to mean that the signatory powers are prepared to employ their armies cooperatively against an aggressor.

Some time ago French military experts inspected Russia's war establishment and, according to unofficial reports, passed favorable judgment, with one exception—the lack of ade-

quate transportation facilities. The Union has been striving to repair this gap; first, by the creation of motorized military equipment for the specific use of the army, and, second, by a concerted drive to improve the whole transportation system, especially the railways.

The first of these policies accounted for much of the expansion of the heavy industries in 1934, contrary to the announced plan of emphasizing the production of consumption goods. This retarded the program of elevating the general level of comfort among the population, but, according to observers on the ground, it accomplished the intended purpose. The Union can now supply from its own productive resources in quality as well as quantity the needs of a mobile army for mechanized instruments.

As to the railway problem, early in 1935 Kaganovich was given dictatorial powers over the transportation system with a budget of 4,000,000,000 rubles. Three months later, in April, the schedule of carloadings was fulfilled for the first time in many years and each subsequent month has established a new record for railway efficiency. Final solution of the problem will depend upon thorough rebuilding at a cost of some \$250,000,000, and this, too, is a part of the Soviet plan. For many years the Russian people have suffered from the lack of adequate transportation; now military considerations seem likely to provide the incentive needed to overcome the difficulty.

# Will Japan Move on China?

By GROVER CLARK

RECENT events indicate that there is to be a new act in the drama entitled "Japan Saves China by Swallowing Her." Japanese militarists have explained that their country must protect "China's 400,000,000 exploited humans" and will "exterminate any one obstructing her," with specific mention of Chiang Kai-shek and the Nanking Government. Japanese warships have been concentrated at Swatow, on the southeastern coast, and at Hankow, up the Yangtse, to back up Japanese demands at these important ports. The officially controlled Japanese newspapers in Shanghai have renewed their demands for greater Japanese participation in the administration of the International Settlement.

At Chingwantao, near Tientsin, Japanese gendarmes recently disarmed the crews of two Chinese customs cruisers. Koreans and Japanese have flooded North China with smuggled Japanese textiles in open defiance of Chinese customs regulations and officials. General Doihara, whose trips are frequently followed by new Japanese armed advances, recently made an airplane visit into Inner Mongolia, ostensibly to discuss with Chahar, Suiyuan and Shansi Provincial authorities plans for resisting a possible advance into this area of the Communist forces which Chiang Kai-shek was driving out of Szechuan Province. And at Tokyo the Premier and the Foreign Minister had a long conversation on the subject of Japanese economic expansion in North China.

The army point of view was given by General Hayao Tada, newly appointed commander for North China, and Major Gen. Kensuke Isogai, Military Attaché to the Japanese Embassy at Nanking. General Tada received twenty Japanese correspondents on Sept. 26 and gave them copies of a pamphlet prepared by the political division of the Japanese Army in China. Tokyo authorities later said that the pamphlet was "unauthentic" as an expression of General Tada's views or of Japanese policy. The general himself, however, has not repudiated the pamphlet, and General Isogai on Oct. 2 told *The New York Times* correspondent that he was "in emphatic agreement with the main thesis—that proper steps must be taken immediately in the five Northern Provinces [of China] to end the exploitation of the masses by militarist politicians."

Both General Tada and General Isogai said that the pledges exacted from the Chinese in June were not being kept. On Sept. 10—shortly after the May 31 demands had been again presented in substance—General Isogai declared that "the entire political and military situation in North China is unsatisfactory and if not improved at an early date in accordance with the Chinese pledges of last June the Japanese Army must necessarily take appropriate action. \* \* \* Sweeping changes in the personnel of the North China administration seem inevitable before genuine cooperation is feasible." Referring to the Communist

menace, he said that "Japan will not tolerate the establishment of a Communist government in China or in any other part of Eastern Asia, but will act independently to destroy such a régime." Chiang Kai-shek several times had asked for help against the Communists, he declared, only to be refused because "if Japan acts against the Communists it will not be as a measure of assisting Chiang Kai-shek but in order to stamp out the Red régime, thereby protecting the areas bordering on Manchukuo."

In another interview on Oct. 2 General Isogai was even more blunt. He said that "only two solutions are possible in the North China problem—either the Nanking Government and Generalissimo Chiang Kai-shek must immediately institute fundamental changes of policy or the five Northern Provinces must be entirely alienated from the central government, establishing an independent administration." He openly urged the Chinese to overthrow the Nanking régime: "It is evident that the present Chinese Government, which is administered solely in the interests of a few persons, must be superseded by a government having at heart the interests of the many and the welfare and prosperity of China's 400,000,000."

"Japan will not provoke a crisis in North China," said General Isogai, "but if a crisis arises that jeopardizes the welfare and safety of Japanese and other foreigners, Japan is fully prepared to step in and make the necessary sacrifices to establish a stable régime." A week earlier General Tada had declared that "Japan's continental policy aims at the salvation of China's 400,000,000 exploited humans, and Japan will exterminate any one obstructing her." Action in North China presumably would come first, since "a new political set-up, po-

litically as well as economically independent of Nanking," is necessary in order to free the region from continual exploitation by Chiang Kai-shek. But, according to the pamphlet the general gave his interviewers, Japanese action would not stop there. Following the "stabilization" of North China, Japan would find it necessary to "stabilize" the rest of the country.

Civilian authorities in Tokyo have tried to discount these remarks, referring to them as trial balloons representing the speculations of right-wing army officers rather than considered Japanese policy. But they come from the group that secured Japanese domination in Manchuria and then, a few months ago, put the Peiping-Tientsin area under virtual Japanese military control, all in direct contradiction to Japanese civilian statements.

While these threats against North China were being aired the Japanese Navy became busy further south. At Swatow, which is in the sphere of influence of Canton rather than of Nanking, the authorities seized some shipments of rice belonging to Formosans on the ground that agricultural taxes had not been paid. This move was a sequel to various lesser incidents growing out of Chinese attempts to stop large-scale smuggling by Formosans. Late in September ten Japanese destroyers appeared in Swatow harbor and 120 troops were landed, avowedly to back up protests against the seizure of the rice and to secure pledges that there would be no more interference with Japanese or Formosans. At Hankow seven gunboats were called together about the same time to support sharp demands that anti-Japanese agitation be stopped. On Sept. 18, the anniversary of the beginning of Japanese penetration into Manchuria in 1931, the

Hankow and Wuchang garrisons had been plastered with posters calling on the soldiers not to forget that fateful day.

These naval demonstrations at Swatow and Hankow were believed by the Chinese authorities and others to be simply devices for increasing diplomatic pressure to secure immediate recognition of Manchukuo by China and full freedom for the economic exploitation of North China. The demonstrations and military statements together convinced many that Japan was ready to move when fighting started in Ethiopia.

#### JAPAN AND THE SOVIET UNION

Tokyo as well as Washington objected to the way in which plans for Communist agitation were flaunted before the world during the Comintern congress in Moscow during August. Japanese, Chinese and Korean Communists had paraded during the congress and reports of their doings and of other congress events had been prominently displayed in the newspapers of Siberia and Eastern Russia. All this was a violation of the Russian agreement not to encourage Communist propaganda in the Far East, declared the Japanese Government in a vigorous verbal protest delivered shortly after the United States had entered its complaint, and Russia was warned that something more than protests might follow a repetition of such conduct. The Soviet Government formally refused to receive the Japanese protest.

These events played directly into the hands of those Japanese who have been saying that "something must be done" to stop Communist propaganda and a menacing tone has reappeared in the Japanese press. Negotiations

over the fisheries leases have not ended. Disputes over alleged boundary violations keep arising. Talk of Japan's buying the northern half of Sakhalin Island has revived. The Manchukuo-Mongolia dispute over the Barga border incidents of last year has not yet been settled. Japanese military chiefs talk loudly about the need for crushing communism—which is a polite way of phrasing a determination to push Japanese dominance westward into Inner Mongolia. Altogether, there is plenty of inflammable material lying around to catch fire if and when either side wants to start a fire.

#### LOANS FOR CHINA?

Sir Frederick Leith-Ross's arrival in the Far East to study economic conditions in China on behalf of the British Government caused a flurry of speculation in Japan as to whether Great Britain was contemplating a loan to China in order to block Japan's advance. Nevertheless, Sir Frederick was given an audience by the Japanese Emperor and had talks with the Foreign Minister and various business and financial leaders. He did not get a Japanese promise of cooperation in a loan, even if he asked for it—which is doubtful. Instead, he was told that China is in no condition to be given a loan now, that really nothing can be done to help China financially until the United States changes its silver policy. But if Sir Frederick succeeds in working out a loan plan the Japanese, it seems, would like to be given a chance to share in it. They are sceptical about China's accepting a loan, since if it is to be effective foreign control of the administration will be necessary, and this the Chinese will not tolerate. Sir Frederick left Japan for China on Sept. 18.

# Cancer of the Breast?

*Many women who fear that  
they have breast cancer  
are worrying without cause*

Most "lumps" in the breast are not cancer. But the dangers of untreated cancer of the breast are so great that every woman owes it to herself to discover the true nature of any lump, or other unusual condition, as soon as she becomes aware of it.

Breast cancers are being treated successfully — frequently without disfigurement. It appears, from the experience of a large number of cancer experts, that about 70 per cent of all cases, when treated properly and before the cancer has spread beyond the breast, show no return after five years. The chances of permanent cure are greatly increased if the condition is treated in the very earliest stage.

Breast cancer occurs at almost any age but mainly among women over forty. After a woman reaches the age of thirty, careful examination of the breasts should always be a part of her periodic health examination. Husbands should urge their wives to have examinations regularly.

Whenever a lump is discovered in the breast, a careful and exact study should be made to determine whether it is definitely cancer, possibly cancer, or not cancer at all. Your physician will probably recommend that the diagnosis be made by a specialist. In its early stages a breast cancer usually yields to expert use of surgery, with or without the help of X-rays or radium. Safety lies in prompt action.



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## A TRAVELER'S NOTEBOOK

THE greatest exhibition of Chinese art ever to be held will open in London late in November and will last until the middle of March. While the treasures of the Peiping Palace, lent for the occasion, will form the feature of the display, priceless jades, paintings, sculptures and ceramics have been lent by collectors and museums in Great Britain, the United States, Sweden, the Netherlands, Germany and France. All visitors will look for the famous Chi Ch'ing porcelain. An imperial order required that it should be "as blue as the sky, as clear as a mirror, as thin as paper and as resonant as a musical stone of jade."

\* \* \*

The best known street number in the world is probably 10 Downing Street, London, the home of British Prime Ministers for 200 years. George Downing, who built the house late in the seventeenth century, and for whom the street was named, was educated at Harvard College.

\* \* \*

Most of the world's amber—Northern gold as it is sometimes called—comes from the Baltic countries. Deep in the waters of the Baltic Sea lie long-submerged forests and after every storm pieces of petrified rosin, or amber, are washed up on the shores of Lithuania, Latvia and Estonia. Palanga, Lithuania, is the great centre of amber cutting.

\* \* \*

More than thirty-two miles of passages in the Carlsbad Caverns of New Mexico have been explored. The caverns, now a national park, are open the year around and the temperature in them never varies from 56 degrees. A lunchroom 700 feet underground offers refreshment to visitors and can be reached by elevator.

\* \* \*

The ruins of Macbeth's Castle on Dunsinane Hill in Scotland are to be removed stone by stone to Maybole, Ayrshire, by the Marquess of Ailsa to prevent their being submerged by a waterpower scheme.

\* \* \*

Although the Chinese theatre has a repertory of about 300 stock plays, until recently there were no printed copies. For generations the parts were handed down orally.

\* \* \*

Airplane sightseeing tours over Hawaiian volcanoes have been inaugurated.

\* \* \*

In front of the Munich railway station is a large plan of the city under glass and beneath it 120 push buttons inscribed with the names of Munich's galleries, museums, public buildings, churches, monuments, parks and other

sights. The tourist has only to push a button to have the location of the spot he wishes to visit indicated by a light.

\* \* \*

Casa Blanca, in San Juan, Puerto Rico, is said to be the oldest continuously inhabited house in North America. It was built by the children of Ponce de Leon, founder of San Juan.

\* \* \*

Texas is preparing to hold the greatest of all State expositions next year to celebrate the centennial of her independence. The Central Exposition, representing an investment of more than \$20,000,000, will open at Dallas on June 1, 1936. Other appropriate celebrations of a historical character will take place at San Antonio in March, at Houston in April and at Goliad, Brenham, Nacogdoches, Huntsville and other cities which played an important rôle in the early history of the State.

\* \* \*

A clock with a diameter of thirty feet is provided for aviators at the Johannesburg airport. The works are in a subterranean chamber.

\* \* \*

Letchworth, thirty-seven miles north of London, is a dry city, its charter banning "pubs" within a radius of two miles from the town's centre. Just outside the circle, however, is a cordon of forty saloons, and buses give easy access to them.

\* \* \*

Jerusalem's present city wall was built by Solyman the Magnificent in the sixteenth century, though parts of it belong to earlier fortifications.

\* \* \*

A preliminary report of the Harvard anthropological expedition in Ireland calls the dark-haired Irish "pure Celtic" and not descendants of castaways from the Spanish Armada defeated in 1588.

\* \* \*

Trinidad's pitch lake, only a little more than 100 acres in extent, has yielded 5,000,000 tons of asphalt in the last half century. The supply appears to be inexhaustible.

\* \* \*

Sixty-six youth hostels have already been established in France to meet the needs of young travelers with modest purses. Twelve of the hostels are in the neighborhood of Paris.

\* \* \*

A huge cross of reinforced concrete 160 feet high is being built on the summit of Filoremo, the sacred mountain on the island of Rhodes. A stairway will lead to the top, 750 feet above sea level. The cross is to be illuminated at night.

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*Continued from Page VII*

talist newspapers for holding different values from those he himself holds. But because he does not realize the fundamental nature of his case, he jumps to conclusions. He mistakes natural prejudice for venality. In a business country, the press is naturally going to be a business press. Mr. Seldes has the Quixotic hope that it can be made over into an anti-business crusading press. It cannot. Water cannot rise higher than its source. But a business press can be kept honest within the limits of its own philosophy, and books like Mr. Seldes's will help keep it honest.

In *It Seems to Me* (Harcourt, \$2.50), Heywood Broun shows how an honest man of heterodox opinions can use even a business press for his pulpit. Broun, of course, got into trouble with the owners of *The New York World* over the Sacco-Vanzetti case, and because the owners of *The World* were both timid and wrong Broun came out of the squabble with an augmented reputation. Yet the owners of *The World* were not trampling on the freedom of the press, as it is guaranteed by the Bill of Rights, when they refused to print Heywood Broun's Sacco-Vanzetti opinions. It was an economic mistake that the owners of *The World* made. They should have realized that in a city where some readers are radical and humanitarian, it pays to give radicals and humanitarians a forum.

\* \* \*

In *Literature and Society* (Lothrop, Lee & Shepard, \$3), Albert Guérard considers the general subject of author-freedom. Professor Guérard thinks it is better for a writer to have some repressive forces to fight against. His social recipe for good writing is: Bring up an author in a period of ferment and revolution, let him live on into a period of increasing authority, but let this authority be too dumb to detect heresy if that heresy is expressed in subtle language.

\* \* \*

For Americana collectors, three books commend themselves this month. One is Julian Meade's *I Live in Virginia* (Longmans, Green, \$2.50), which is an application of the *Stars Fell on Alabama* formula to another State. The second is Arthur Kober's *Thunder Over the Bronx* (Simon & Schuster, \$2), which introduces us to Mr. and Mrs. Gross and their daughter Bella. Dorothy Parker, in an introduction, speaks of the "lovely precision of Mr. Kober's ear" for the Bronx idiom. The third book is Donald Culross Peattie's *Singing in the Wilderness: A Salute to John James Audubon* (Putnam's, \$2.50). This book is partly a novel about Audubon, who painted the beautiful series known as "The Birds of America." But it is primarily an essay on America as it was in the days when Ohio was still a wilder-

ness. Mr. Peattie's keen emotional delight in nature lends a poetic beauty to his style.

\* \* \*

Jessie Conrad's *Joseph Conrad and His Circle* (Dutton, \$3.75) will displease Conrad worshipers, but for those who are willing to hear that a great man could be a trial as a husband it should make diverting reading. Jules Romains's *The World From Below* (Knopf, \$3) brings us Volumes VII and VIII (bound as one) of *Men of Good Will*, a vast panorama of pre-war France that is continuously absorbing. Industrial conflict is the theme of Raymond Holden's *Chance Has a Whip* (Scribner's, \$2.50), of Myron Brinig's *The Sun Sets in the West* (Farrar & Rinehart, \$2.50), and of A. J. Cronin's *The Stars Look Down* (Little, Brown, \$2.50). All three of these novels are worth reading and avoid the obvious pitfalls of "propaganda." Warden Lewis E. Lawes's *Cell 202—Sing Sing* (Farrar & Rinehart, \$3) coats the pill of prison reform advocacy with the sugar of fiction.

## Marxism and Modern Thought

*MARXISM AND MODERN THOUGHT.* By N. I. Bukharin, A. M. Deborin, Y. M. Urakovsky, S. I. Vavilov, V. L. Komarov and A. I. Tlumeniev. Translated by Ralph Fox. New York: Harcourt, Brace & Co. \$3.

BESIDES helping in the creation of a new economic system and a new social order, Soviet scholars and scientists are attempting a revolution throughout the whole domain of intellectual activity. They are, in short, seeking nothing less than to revise the body of what is called bourgeois knowledge. Although there cannot yet be many large positive results, this volume indicates several of the lines along which Soviet thought is proceeding. There is, of course, nothing fundamentally new in the attempt to rewrite history and to reformulate the social sciences in the light of Marxist ideas. But so far it is not generally realized that in the natural sciences also the claim is made that Marxism provides the only sound and realistic approach. For this reason the essays on the natural sciences have more the air of novelty than those dealing with history and social questions, though these, too, are of interest as the most recent application of ideas with which students are already familiar.

## Is It Socialism?

*STUMBLING INTO SOCIALISM—and the Future of Our Political Parties.* By David Lawrence. New York: D. Appleton-Century Company, 1935. \$1.50.

PRESUMABLY readers in the next few months are going to have in their hands many political tracts such as this one by David Lawrence. Convincing, though tinged with hysteria, clear-cut, though illogical in arrangement, these outbursts will have as their purpose the undermining of confidence in the New Deal and the winning of adherents to the old faith with a new name. Such at least is Mr. Lawrence's *Stumbling Into Socialism* in which it is maintained that the principal con-

temporary political issue "which supersedes all others is whether we shall change our form of government." While the New Deal bears the brunt of his onslaught, he admits that the tendency to destroy the historic Constitution began before 1933 and that both parties have been guilty of unconstitutional behavior. After some harsh words for politicians in general, Mr. Lawrence suggests that a new group of politicians be assembled under the banner of the "Constitution Party," which, by forcing upon the older parties the issue of our form of government, would save the Republic.

## Quackery in High Places

**QUACK, QUACK!** By Leonard Woolf. New York: Harcourt, Brace & Co., 1935. \$2.

ONE of the ablest of English men of letters and political thinkers, Mr. Woolf in his latest volume brings all the vigor of his excellent prose to bear upon what he sees as the quackery of modern politics and intellectual life. First he disposes of Mussolini and Hitler as representatives of a barbarism that has become a threat to the whole fabric of European civilization. Then, after pointing to the line of quackery developed by Carlyle and Nietzsche, he exposes the learned nonsense on which Spengler's reputation has been built, the meaningless humbug that Keyserling has exploited, and the more insidious and therefore more dangerous errors of which Bergson, despite his genuine gifts, has been guilty. Mr. Woolf's little volume is in every way a welcome counter-offensive against the present-day forces of reaction, irrationality and obscurantism.

## Political Strategy in 1932

**THE 1932 CAMPAIGN: An Analysis.** By Roy V. Peel and Thomas C. Donnelly. New York: Farrar & Rinehart, 1935. \$1.50.

THIS competent and well-written account of the last Presidential election has a certain timeliness as men's thoughts turn to the next national poll. What the authors have done is to recall the relevant facts concerning the actual and potential candidates of 1932, to outline the strategy and tactics of the major parties and to present the more important statistics relating to the election. There is no attempt to penetrate below the surface; except for a definite liberal tone the study is pure record, but the material which has been brought together illuminates past politics, an illumination which may serve to make less dark the politics of the future.

## The Lincoln Legend

**THE LINCOLN LEGEND.** By Roy P. Basler. Boston: Houghton Mifflin & Co., 1935. \$3.50.

THIS is an intelligent and on the whole successful attempt to sift Lincoln literature—biography, fiction, poetry; an effort to clear away the mass of misinformation piled up since 1860 by the malicious, the superstitious

*Continued on Page XV*

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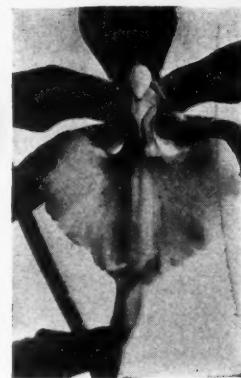
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*Continued on following page*

*Continued from Page XIII*

and the irrepressibly imaginative. What did Lincoln's reliable contemporaries think of him? How do the verifiable facts of his life compare with popular conceptions? Why has Lincoln become "largely a myth"? Obviously, these are interesting questions, and in discussing them Mr. Basler goes much further than did Lloyd Lewis in his *Myths After Lincoln*, published several years ago. The chief difficulty seems to be that he has not been able to make up his mind about all phases of his subject; the conclusions are decisive on some points and annoyingly vague on others. Nor is the organization of the book altogether satisfactory; the reader is pulled up time and again by repetitions, irrelevancies and a flood of quotations. But by and large the work is readable and sane. It reveals not only Lincoln but also the method by which folk-heroes are made.

### Documents of 1934

**DOCUMENTS ON INTERNATIONAL AFFAIRS**, 1934.  
Edited by John W. Wheeler-Bennett and Stephen Heald. New York: Oxford University Press, 1935. \$10.

EACH year it is a pleasure to greet the appearance of a new volume of the invaluable series of documents published by the Royal Institute of International Affairs. Complementary to the Institute's *Survey of International Affairs*, 1934, which will soon be published, these documents leave nothing to be desired as to either selection or editing. Treaties, protocols, communiqués, notes, speeches and letters relating to all the major international happenings of 1934 are given, and are accompanied by such explanation as is necessary to place them in their proper perspective. Among the events so documented in the present volume are the final disposition of the Saar question, the entry of Soviet Russia into the League of Nations, the entry of the United States into the International Labor Organization, the Yugoslav-Hungarian dispute, the Leticia settlement, the granting of independence to the Philippine Islands. The Disarmament Conference, security negotiations and pacts and the mounting tension of European diplomacy are represented by important papers. The documents of world economic affairs, and especially those relating to Germany's foreign debt policy, are a valuable collection in themselves. The appendix includes a chronology of treaties and general conventions concluded between two or more States during the year.

### An Anthropologist in Ethiopia

**MEASURING ETHIOPIA AND FLIGHT INTO YEMEN.**  
By Carleton S. Coon. Boston: Little, Brown & Co., 1935. \$2.50.

UNDER ordinary circumstances so slight a travel book as that by Dr. Coon would command little attention. But with public interest focused on Ethiopia and the Arab lands along the Red Sea anything that throws additional light on these regions must be welcome. Dr. Coon has done this in the course of recounting the vicissitudes which attend exploration in Ethiopia and Yemen.

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